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U.S. Recovery Continues at Modest Clip, Figures Show

Small Rises in Inflation And Sales Build Hopes For Easier Fed Stance

By Lawrence Malkin
International Herald Tribune

NEW YORK — A small gain in retail sales and low inflation pressure in April were reported Wednesday by the U.S. government, reinforcing the picture of a steady and undramatic American economic recovery.

The Commerce Department reported that the consumer price index for April rose 0.2 percent, a modest increase forecasted by analysts. Inflation in wholesale prices, which is more volatile, also rose 0.2 percent.

Prices clearly have been held down by slack consumer demand, which has eased since last year's post-Gulf War recovery stalled late in the summer.

The reasons for the low inflation rate are readily apparent — slack in labor markets and diminished expectations in the wake of three years of slow growth, said Gordon Richards of the National Association of Manufacturers.

Retail sales in April rose by 0.9 percent, higher than expected by many economists, even in a basic month, but actually a flat and misleading number upon closer analysis.

In announcing the April figure, the Commerce Department revised its March figure sharply downward from a decline of 0.4 percent to a decline of 1 percent. This followed two sharp rises in January and February as retailers cleared their overstocked shelves with sharp discounts necessitated by a weak Christmas season.

Averaging the last two months, Kathleen Stephansen at Donaldson Lufkin Jenrette said, "The overall trend is flat."

In the financial markets, foreign-exchange trading was depressed by the rise in retail sales and led up the dollar initially, but the currency fell sharply in afternoon in a resumption of Tuesday's sell-off.

Treasury bonds remained firm in the expectation of lower interest rates. That kept blue-chip stocks firm at Wall Street, where there was even some speculation that the Fed might have signaled an easing move around midday. The Dow Jones industrial average closed 6.86 points higher at 3,391.98.

Without automobile sales, which comprise about one-fifth of the total, retail sales grew by only 0.4 percent. But the auto sales made the overall figure even more suspect.

The Commerce Department reported a 2.6 percent increase in auto sales in dollar terms in April, up from 1.9 percent in March, at a time when sales of cars measured by units were actually falling at an annual rate of 5.97 million from 6.1 million. The only way these two figures could be reconciled, said David Muro of High Frequency Economics, would be an unlikely discovery that Americans had suddenly begun buying more expensive cars.

Mr. Muro, a former chief economic forecaster for General Motors Corp., expected that April's retail sales figure would be revised.

See RECOVERY, Page 12

UN Chief Rules Out Wider Role in Bosnia

Serbs Halt Attack on Sarajevo, But Fighting Flares Elsewhere

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — In a report suggesting that the United Nations may be getting out of its depth in the Yugoslav crisis, the secretary-general on Wednesday ruled out any new peacekeeping efforts by the organization in Bosnia-Herzegovina, saying continued fighting made deeper involvement too dangerous for the world body.

At the same time, he warned the Security Council that the United Nations' peacekeeping operation in Croatia, to which some 14,000 troops are being committed, was in jeopardy because of new disputes over the Serb minority living there that broke out after the United Nations had agreed to protect them as part of a cease-fire agreement.

"Developments since the Security Council approved the plan for the United Nations peacekeeping operations in Croatia have raised new doubts about the practicality of that operation," Secretary-General Butros Butros Ghali said in a report to the Security Council on the situation in the former Yugoslav federation.

Serbian artillery fell silent in the Bosnia capital of Sarajevo on Wednesday at the start of a five-day unilateral cease-fire apparently agreed to under pressure from the West. But elsewhere, fighting was reported continuing.

The secretary-general blamed Serb-led forces for the continued ethnic fighting in Bosnia and concluded that the only hope for a settlement now lies with the European Community sponsored peace talks.

He acknowledged United Nations helplessness in the present violent situation, saying he could not deploy a peacekeeping force there without a truce and the agreement of all parties to the dispute, neither of which has proved achievable so far.

The secretary-general also ruled out deployment of an "intervention force," as requested by President Alija Izetbegovic of Bosnia, to enforce an end to the fighting, saying this was impractical because it would mean sending in "many tens of thousands of troops equipped for potential combat with heavily armed and determined adversaries."

He said it would even be too dangerous for the United Nations to protect humanitarian relief convoys ferrying supplies to the more than 500,000 people driven from their homes by the violence.

The secretary-general said he had decided to withdraw the headquarters of the peacekeeping operation from Sarajevo to Belgrade because of the fighting, although its presence was intended to have a calming effect on Bosnia. But the United Nations will maintain a small force there and continue limited monitoring.

John F. Burns of The New York Times reported from Belgrade:

A tentative calm settled over Sarajevo on Wednesday after Serbian leaders who have pressed an military offensive across the republic responded to growing Western diplomatic pressure by announcing a five-day cease-fire.

The artillery, mortar and rocket fire that has pounded Sarajevo for much of the last month was mostly stilled after the cease-fire went into effect at 6 A.M. The calm was broken only sporadically by gunfire from Serbian positions in the hills above the city.

The few Western reporters in Sarajevo reported that residents emerged onto the streets for the first time in days, some pausing to sip coffee at sidewalk cafes or to buy chocolate and other snacks from vendors.

Although the truce was reported to have been violated at other contested towns and villages around the republic, the violence appeared to be at its lowest in 10 days.

But in Sarajevo, there was little confidence that the truce would become a permanent peace.



Bosnian soldiers storming a house on Wednesday in the center of Sarajevo in search of snipers.

Bonn Moves To Contain Increases In Spending

Minister Stresses Need To Pay for Unification, Ease Pressure on Rates

By Richard E. Smith
International Herald Tribune

FRANKFURT — Finance Minister Theo Waigel announced tight limits Wednesday on Germany's public spending in an effort to buoy international confidence in the German economy and prove that Bonn can handle the soaring costs of unification.

Last-minute efforts were also being launched to prevent a strike by the country's largest union, IG Metall, which had issued employees an ultimatum on Tuesday to improve their pay offer by this weekend.

Mr. Waigel said the ruling coalition had agreed on a program to hold annual increases in federal spending to no more than 2.5 percent until 1996, and to authorize new spending only when offset by cuts elsewhere.

He has been preparing the public for the prospect of cuts for some time but put special stress Wednesday on the need to keep Germany's image strong abroad.

"It must be clear that Germany remains the number one country in terms of stability and maintains the anchor function of the Deutsche mark in the European Monetary System," he said.

He made a point to say that the government's budget cuts would send the right signals about "our balanced policy mix" ahead of the summit of the Group of Seven most-industrialized countries to be held in Munich on July 1.

Germany has been under varying degrees of attack by the United States and European countries for months for failing to come to grips with the budget deficit and relying on high interest rates alone to fend off inflation.

Mr. Waigel forecast that West German inflation, currently running at a 4.6 percent rate, would fall below 4 percent in the second half, and said Bonn was doing all it could to facilitate a lowering of interest rates. Reuters reported he also welcomed provisional data showing that Western Germany's gross national product expanded by 1.2 percent in the first quarter.

Mr. Waigel said that tax receipts were higher than expected and would allow the budget deficit to narrow this year to 42.7 billion Deutsche marks (\$26.2 billion) from an earlier estimate of 44.7 billion DM.

With the government committed to lowering that figure to 25 billion DM by 1995, Mr. Waigel claimed that the "structural financial problems of Germany unity" would be largely under control by that time.

The problems of paying for unification have been highlighted recently by a wave of strikes and strike threats. Unions claim they are being asked to pay too much of the bill and are fighting for wage gains appreciably above the inflation rate of nearly 5 percent.

IG Metall, the union of some 4 million metalworkers, is asking for wage gains of 9.5 percent and officials have said they will insist on at least 6 percent. Employers are offering 3.3 percent and claim that even this exceeds gains in productivity.

Rhetoric and posturing have made both sides See STRIKE, Page 2

French Legislators Endorse Steps Toward EC Unity

By Alan Riding
New York Times Service

PARIS — In a significant victory for President Francois Mitterrand's strongly pro-European policies, the National Assembly on Wednesday approved constitutional changes necessary before France can ratify the European Community's new treaty on economic and political union.

The result — 398 votes in favor and 77 against, with 99 abstaining — also gave the governing Socialist Party an unexpected domestic political boost since the main Gaullist opposition party was so badly divided on the issue that it was forced to allow its legislators to vote as they wished.

The vote in the National Assembly is only the first stage in the process that should lead to ratification of the Community treaty later this year. The constitutional amendments still must be approved by the Senate and by a joint session of both houses before the treaty itself is voted on.

But the four-day debate that preceded the vote nonetheless served to clarify the positions of most deputies, with criticism of the treaty being heard from the Communist Party, the extreme rightist National Front, much of the Gaullist Rally for the Republic party and a handful of Socialists.

Their general complaint is that France will lose sovereignty under a treaty that anticipates creation of a single currency and regional central bank before 1999 as well as establishment of common community positions on foreign and security policy.

There also were objections to constitutional amendments that will allow non-French EC citizens to vote in French municipal elections and will require France to adopt a common visa policy with its EC partners once the region's internal borders are dismantled at the end of this year.

Support for the bill came from most Socialists as well as from the small Democratic Center Union and the Union for French Democracy

Germany grows cool to the entry of the former East bloc states into the EC. Page 2

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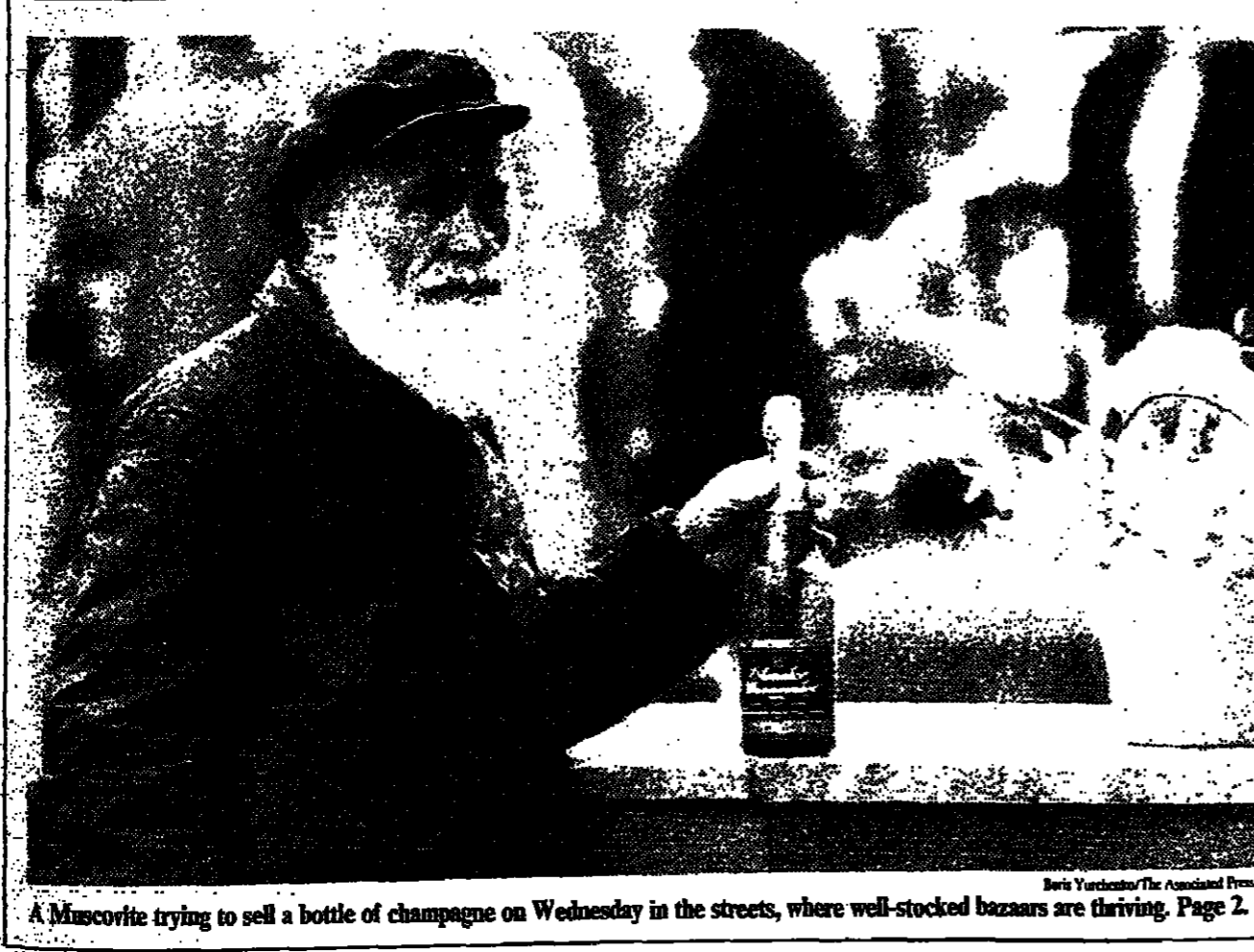
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A Misconite trying to sell a bottle of champagne on Wednesday in the streets, where well-stocked bazaars are thriving. Page 2

Kiosk

A Last-Ditch Attempt To Capture Satellite

HOUSTON (AP) — NASA delayed a last-ditch attempt to rescue the Intelsat 6 satellite on Wednesday because of a computer problem, and three of the seven astronauts aboard the space shuttle Endeavour were standing by waiting for the go-ahead to make their spacewalk.

The astronauts were planning to try to grab the satellite with their gloved hands. They planned to seize it on the count of three as it spun slowly eight feet (about 2.5 meters) above the Endeavour.

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UEFA Cup to Ajax Amsterdam

Ajax Amsterdam won the UEFA soccer cup Wednesday night by playing a scoreless draw with Torino in Amsterdam. Ajax won by virtue of its away goals and thereby took all three European soccer championships. The second leg of the final followed a 2-2 draw in Turin two weeks ago. (Page 18)

Dow Close

Up 5.86
3,391.98

The Dollar in New York

DM 1.6093
Pound 1.8264
Yen 129.60
FF 5.4025

General News

Philippine officials banned the media from reporting unofficial presidential vote counts. Page 7.

Crossword Page 10.

Going to Jerusalem: Many a Jesus or John the Baptist

By Clyde Haberman
New York Times Service

JERUSALEM — The sturdy young Canadian thought he was Samson, and went on to prove it by smashing through a wall to escape the other week from Kfar Shaul, the government psychiatric hospital on Jerusalem's western reaches.

"He was our first Samson," Dr. Yair Bar-El, the hospital director, said as an aside before continuing to tell how the young man had got as far as the nearest bus stop when a nurse caught up with him.

"Samson, you must come back to the hospital," she called out.

Motivated by being addressed by what he considered his true name, the patient docilely remanded to a form of disorientation that psychiatrists here label the Jerusalem syndrome.

Across the length of Israel, hoteliers and restaurant owners are delighted that tourists are turning up in near-record numbers as Gulf War memories fade and the Palestinian uprising no longer scares away as many people as it once did.

But for Dr. Bar-El and his staff, the boom is no blessing. If it continues, they say, they can count on having to treat a bumper crop of Messiahs, John the Baptists and King Davids wandering the narrow lanes of the Old City and proclaiming that the end, or perhaps the beginning, is near.

Every year, dozens of foreign tourists overwhelmed by the religious and historic weight of this ancient city are driven mad.

For many it is a short trip. They arrive with a bagful of mental troubles, including in some cases a conviction that they are biblical characters or that they alone hold the key to world peace and must reveal it at Jerusalem's walls.

But also each year, Dr. Bar-El says, there are travelers with no recorded psychiatric histories who find themselves suddenly in the grips of delusion, often within days of arrival. Samsons may be rare, but there has been no shortage of other biblical figures, including God and Satan.

"The Virgin Mary crossed my path in July

See SAMSON, Page 6

Presidential Politics, Italy-Style

ROME — Italy's presidential election, the first step toward filling the country's power vacuum, began in an uproar on Wednesday when members of Parliament traded blows and insults before voting began.

After the first two ballots, none of the candidates had received enough votes to win. Since last month Italy has been without a prime minister and a president after the resignations of Prime Minister Giulio Andreotti and President Francesco Cossiga.

Fighting started after a Christian Democrat deputy made a mocking reference to the 1945 execution of Mussolini.

"It was a shameful and offensive thing to say," the dictator's granddaughter, Alessandra Mussolini, 27, said after fellow neofascist members battled with Christian Democrats and ushers on the floor of parliament. Miss Mussolini, elected last month, supported the neofascists by putting her fingers in her mouth and emitting ear-piercing whistles.

"This is not a boxing ring," the speaker, Oscar Luigi Scalfaro, shouted as he ordered ushers to separate brawling deputies.

The extreme right, led by a black-shirted deputy waving a pair of handcuffs, then started throwing balls of wet paper. Mr. Serra, who had provoked the neofascists, was hit in the eye and led away from the chamber.

"Who did that? Go on. Tell me," the speaker vainly appealed, threatening to expel those who caused further trouble. He added, "What kind of spectacle are we giving the Italian nation?"

The scenes were broadcast live on television, dealing a further blow to the parliament, whose popularity is at a record low.

Once elected, the new president's first task will be to name a successor to the caretaker prime minister, Giulio Andreotti. The new government's top priority will be to redress the country's disastrous public finances.

Israel Is Dismayed as U.S. Backs UN Stand on Palestinian Exiles

New York Times Service

JERUSALEM — Israeli officials expressed dismay with the United States on Wednesday for reaffirming support of a 1948 United Nations resolution cited by Palestinian exiles as giving them a right to return to Israel and to be compensated for lost property.

The Israeli government asked Washington for a clarification, and some officials warned that the issue threatened to create new divisions between the two countries just when they were beginning to heal some of the wounds created by months of acrimony.

"There is a great deal of concern," one senior Israeli official said, "exactly because when the relationship seems to be improving, they go and do something like this."

Another official, the deputy foreign minister, Benjamin Netanyahu, called the 1948 resolution outdated. He said that the American position would encourage "unrealistic Arab expectations," complicating negotiations in the ongoing Middle East peace process.

[The United States, clarifying its position on the right of Palestinians to return to their homes

See ISRAEL, Page 6

BRIEFS

Leader Takes Office
Lebanon's prime minister...
Lebanon's prime minister...
Lebanon's prime minister...

High-Tech Sales to Iran
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Political Prisoners
released 14 more political...
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2 in Libyan Gas Case
Reuters — Two German...
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Reuters — Two German...

EL UPDATE
Several key words were...
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Stop Venice Subway
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Enterprise Zones:
Aid, but No Panacea
The Associated Press
BALTIMORE — Army...

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The Los Angeles police chief, Daryl F. Gates, listening to comments at a police commission meeting. While some praised his actions during the recent riots, others called for his immediate resignation.

Los Angeles Retrial Sought

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Enterprise Zones: Aid, but No Panacea

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For Doctors Who Cheat, Low-Risk Cash in the Bag

By Albert B. Crenshaw
Washington Post Service
WASHINGTON — Unscrupulous doctors and hospitals will be able to siphon off as much as \$70 billion in fraudulent or abusive health-care charges in the United States this year with relatively little chance of getting caught, according to a new study.

The system is so complex that it "becomes an impediment to detecting fraud and abuse," said the study, by Congress's General Accounting Office.
Inched, according to the study, as much as 10 percent of the money the nation spends on health care may go to line the pockets of abusers and outright crooks.

The problem is so severe, she said, that the accounting office advocates establishing a national commission to coordinate efforts at ending the abuse.
Ms. Shikles, director of health financing and health-policy issues at the office's human resources division, emphasized that only a small percentage of health-care providers are involved in fraud or abuse. Care must be taken, she said, so that measures intended to deal with cheaters do not add to the administrative burden that health-care professionals bear.

Mr. Weiss said he would introduce legislation to create such a commission.

However, Justice Department officials had reservations. While acknowledging the benefits of cooperative efforts, they expressed concern that a commission might infringe on the department's freedom to set its own priorities.
Justice Department officials said their civil division recovered more than \$10 million in improper Medicare payments in 1990 and \$14 million in 1991, while the criminal division has obtained numerous indictments and convictions. Medicare is the joint federal-state program that provides health insurance for the elderly and disabled.

The report by the accounting office concluded, however, that "only a fraction of the fraud and abuse committed against the health-care system is identified."
In many jurisdictions, according to the report, only frauds involving more than \$100,000 interest law-enforcement officials, whose budgets are strained to the breaking point by other crime.
As a result, one large insurer

In the early years, the labs would go to retirement communities, offer their services to residents and then bill Medicare.

When Medicare "turned up the heat," Ms. Shikles said, the labs shifted to the private sector. In some cases, they affiliated with health clubs. In others, they solicited business via telephone marketing.
The case, under investigation for six years, has resulted in the indictment of 12 lab owners. One person was convicted and sent to prison, but Medicare has not been able to recover any money. Likewise, three private insurers won civil awards of \$18 million, but they, too, have been unable to collect.

And far from stamping out the problem, officials say, six similar schemes have now sprung up in Southern California.
"Law-enforcement officials say the case involved mobile labs that fraudulently billed the government and private insurers \$1 billion over a 10-year period beginning about 1981. These labs solicit business by providing blood-pressure checks and other routine diagnostic tests and then billing insurers for a battery of expensive tests that either were unnecessary or were not performed at all.

Bush Seems to Be Losing the Drug War

By Michael Isikoff
Washington Post Service
WASHINGTON — The number of cocaine-related hospital emergencies increased for the third consecutive quarter, U.S. government figures show, and are now at the same levels as when President George Bush took office vowing to end the "scourge" of drug abuse.

The federal government's Drug Abuse Warning Network, considered a key indicator for measuring trends in hard-core drug abuse, reported this week that there were 28,700 cocaine-related visits to hospital emergency rooms between July and September 1991, a 13 percent increase over the previous three months and nearly 46 percent higher than a year earlier.
In addition, 10,364 patients visited hospitals with heroin-related emergencies, up 10 percent from the previous quarter and 24 percent higher than a year earlier. Federal officials said this appeared to be linked to an influx of high-

purity, cheap heroin that has been showing up on the streets of some U.S. cities in recent years.

The figures come nearly two years to the day after Health and Human Services Secretary Louis W. Sullivan and other administration anti-drug officials hailed steep declines in the network statistics as evidence of "significant headway" in the drug war.
But the latest figures appear to wipe out those gains entirely. After declining sharply between the summer of 1989 and the end of 1990, cocaine-and heroin-related emergencies are now slightly higher than when Mr. Bush took office.

Representative Charles B. Rangel, the New York Democrat who is chairman of the House Select Committee on Narcotics Abuse and Control, said the new figures were "only the tip of the iceberg" and that the drug problem was far worse than has been acknowledged by administration officials.

"You really do not need to have extensive research to show that serious drug use is on the increase," Mr. Rangel said.

Dr. Sullivan said the figures should be viewed with "utmost seriousness." He said he was authorizing an extra \$19 million for federal drug treatment programs nationally as well as an immediate \$5 million grant for treatment and prevention in the hard-hit cities of New York, Newark, Baltimore, Detroit and Seattle.
Nationally, overall drug-related emergencies increased only 4 percent in the 1991 third quarter. But this was primarily because of a 31 percent decline in emergencies related to marijuana, the drug that officials consider the least dangerous.

The figures showed that blacks and Hispanics accounted for 63 percent of cocaine-related emergencies and 58 percent of heroin-related emergencies.



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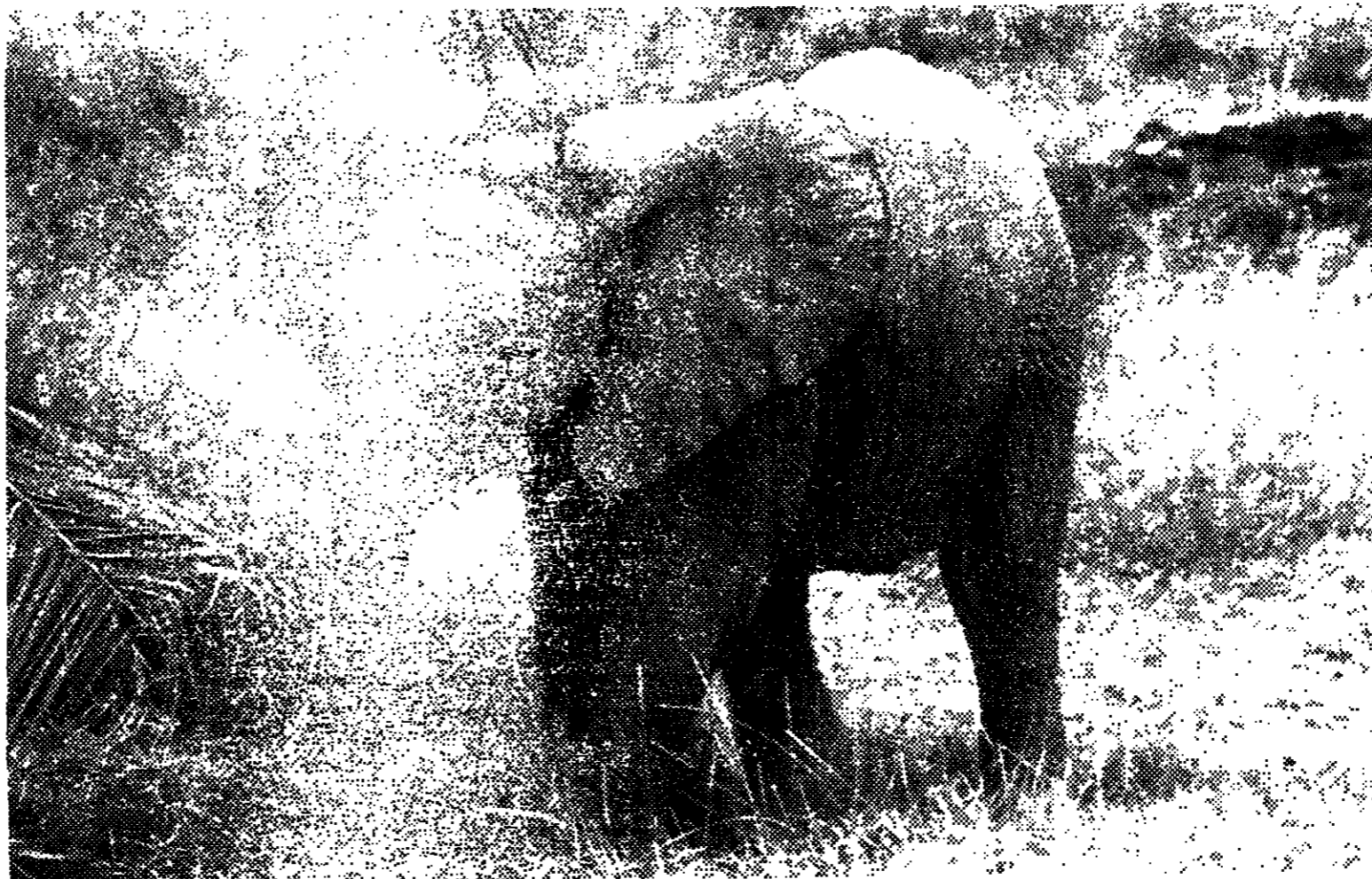


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Klein, a spokesman for the Republican
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Manila Bans Reporting of Unofficial Vote Tallies

Statistics provided by Brigadier General Freddy Zach, Israel's deputy commander of the West Bank's estimated 1.1 million Palestinian residents, showed that 119 cubic meters of water were received only for 354 cubic meters of water. The water debate is complicated by the fact that water naturally flows from the mountain aquifer in the West Bank to Israel's coastal plain. Jewish settlers along the Mediterranean coast began using this water in the 1930s.

overtook Mrs. Santiago. Late Wednesday, unofficial tallies broadcast by ZNN Radio and Radio Veritas, a station with Catholic Church backing, showed the former defense secretary already had moved ahead.

Radio Veritas, based on 4.7 million of the 27 million votes cast, showed General Ramos leading with 1,145,233 votes to Mrs. Santiago's 1,142,706. Eduardo Cojuangco, a businessman, was third with 871,300 votes.

Imelda R. Marcos, widow of President Ferdinand E. Marcos, was fifth, according to the counts.

The Commission on Elections ordered the media and other groups to stop reporting their unofficial counts, although they would apparently still be able to gather election results from precinct workers.

Only one unofficial tally, called Media Citizens Quick Count, will be allowed to continue reporting its count. Mrs. Santiago was leading in the latest Quick Count tally, which had tabulated only about 1 million ballots by late Wednesday.

Another count, by ABS-CBN Television, showed Mrs. Santiago leading with 564,996

votes, compared with 492,227 for General Ramos and 331,985 for Mr. Cojuangco.

Several other private counts — operated by broadcasters, civic groups and others — have been putting out their own figures, raising complaints from candidates.

Official results were not expected until next week.

Tensions ran high in parts of the nation as the count dragged on. Angry crowds gathered in two Manila suburbs, complaining of delays.

EUROPEAN TOPICS

Austrian SS Veterans Scale Down Meeting

Austrian veterans of Hitler's Waffen SS, apparently bowing to public pressure, canceled invitations Wednesday to two Austrian veterans' anniversary gatherings in the province of Styria on May 23-24.

The veterans association, Kameradschaft IV, told Josef Krainer, governor of the province of Styria, and Franz Wegart, speaker of the provincial assembly, that it would do without their patronage.

Mr. Krainer and Mr. Wegart, both of the conservative People's Party, had been under mounting pressure not to appear.

The scheduled guest of honor is General Silvester Stadler, who commanded a World War II regiment involved in the 1944 massacre of 642 French civilians at the village of Oradour-sur-Glane.

Kameradschaft IV is the target of an Interior Ministry investigation on suspicion of violating Austrian laws against Nazi revivalism.

'Bomber' Statue Offends Germans

A member of the German parliament has joined growing German criticism of British plans to unveil a statue to Sir Arthur (Bomber) Harris, the British air marshal who planned World War II air raids on German cities.

Paris Fires A Top Aide In Corsica

PARIS — France dismissed its chief representative in northern Corsica on Wednesday after 13 people were killed and 700 injured last week in the collapse of a temporary stand at the soccer stadium in Bastia.

The dismissal occurred after three more local soccer officials were indicted in connection with the collapse, bringing to six the number charged in the case.

Henri Hurand, the prefect of Upper Corsica, one of the Mediterranean island's two administrative subdivisions, was replaced by his deputy, Jean Rebière, said a French government spokesman, Martin Malvy.

"The decision was made because of the shortcomings in the work of the civil service in Corsica, for which the prefect said himself that he took responsibility," Mr. Malvy added.

The Corsican soccer league vice president, Noël Bartolini, and his aide, Ange Paolacci, and the vice president of the Bastia soccer club, Michel Lorenzi, were indicted earlier.

The three previously indicted were all charged with manslaughter. They are Etienne Galeazzi, the secretary-general of the Corsican Football League; Bernard Rossi, the regional director of a company that inspected the temporary stand; and Jean-Marie Boismond, an executive of the company that built it.

The grandstand, built to double the capacity at Bastia's small Furiani Stadium for a crowd-pulling French Cup semifinal match, crashed to the ground minutes before the match was to begin.

A government commission that investigated the disaster concluded Tuesday that the company that built the stand, the Nice-based Sod-Tribunes, had not followed construction rules. (Reuters, AFP)

Around Europe

Czechoslovakia has rejected Hungary's decision to abrogate a treaty for the joint construction of a major dam on the Danube that has already cost around \$1 billion. The Slovak regional government said the unilateral cancellation of the 1977 treaty was not legally valid. The Hungarian government decided last week to abrogate the treaty with effect from May 25. The multibillion dollar project was intended to generate electricity for both countries. Hungary, bowing to environmental concerns, suspended work on the project in 1989, but construction has continued on the Czechoslovak side.

Recent riots in Los Angeles have increased demand for butlers who double as bodyguards, according to a British school that trains them. The Ivor Spencer School for Butlers in London said it had placed six of them in the United States since the riots, which began late last month, compared with only eight over the past two years. The butlers, who are paid about \$60,000 a year, learn martial arts and the use of firearms as part of their training.

About 200 policemen in Liège, Belgium, handed in their guns this week with claims that they were in "poor physical or psychological condition," according to police officials. Most of the city's 688 policemen are participating in a strike for better pay that started April 27. Twenty-six policemen are even on a hunger strike, and eight of them have been hospitalized, while more than 500 other strikers have handed in medical certificates saying they were suffering from depression or other ailments. Eugène Mathé, one of the strikers, said police officers in Liège were paid 20 percent less than colleagues elsewhere in Belgium, and would continue to strike until their claims were satisfied.

Diplomatic Withdrawals Surprise Serbs

By John F. Burns
New York Times Service

BEGRAD — Despite weeks of being warned that it could not continue with the effective dismemberment of Bosnia-Herzegovina and escape diplomatic and economic sanctions, the Serb-dominated Yugoslav government appeared surprised by the moves taken by the European Community and the United States to begin the process of isolating the Belgrade government from the Balkans.

The governments' surprise was that Western governments were pulling out of "bins" against Serbia in designating it as the main culprit in Bosnia was not issued until late Tuesday, more than 24 hours after the European Community's foreign ministers announced that they were pulling out their envoys.

The Belgrade government's statement made no reference to the withdrawal of Warren Zimmerman, the U.S. ambassador.

The withdrawal of the ambassadors was about the least threatening measure the Western nations could take. But instead of relief that nothing more concrete was announced, and that economic sanctions against it will be further delayed, Serbia was indignant.

A senior Foreign Ministry official, Branko Brankovic, even suggested that the Western nations were "opening the door to Islamic fundamentalism in Europe," a reference to the contention among hard-line leaders of Bosnia's Serbs, who are Orthodox Christians, that in fighting a civil war with the republic's Muslim Slavs they are battling for religious survival.

Apart from overlooking the fact that the Serbian effort to seize control of much of Bosnia has also pitted them against the republic's Croats, who are mostly Roman Catholics, the statement by Mr. Brankovic reflected the degree to which historical passions have inflamed Serbian's policies.

Reflecting this, diplomats said that even if economic sanctions were adopted, as the United States and the European Community have threatened at various stages of the Serbian offensives in Croatia and Bosnia, there was no certainty that Serbia would relent in its determination to entrench separate territorial strongholds for Serbs in the two neighboring republics.

For now, the European Community has held open the possibility of sanctions by instructing the EC Commission, the body that administers the Community's affairs, to look at what sanctions could be applied if Serbia fails to end its military offensive in Bosnia and to support the Community's efforts to draw all three ethnic groups into agreement on Bosnia's future as an independent state.

Diplomats said several of the measures available to the European nations, including banning Yugoslav truck traffic and closing European airports to Yugoslav aircraft, could have a major effect on Serbia, although probably not enough to cause a collapse of its weakened economy.

One reason that tougher actions have been deferred is that such steps as closing European borders to Yugoslav trucks would require unanimous approval by all 12 Community members, and one of them, Greece, has aligned itself

with Serbia in its diplomatic confrontation with Europe.

For the time being, the Serbian anxieties appear to be focused mainly on whether the Western nations will recognize the new, truncated Yugoslav federation of Serbia and Montenegro proclaimed last month.

Without recognition, the new Yugoslav federation could find itself excluded from a wide range of international organizations to which the former Yugoslavia belonged, including some, like the International Monetary Fund and the World Bank, that are of major importance.

U.S. Rejects Force

John M. Gushko of The Washington Post reported from Washington.

U.S. officials maintained that neither the United States nor its European allies could do much to stop Serbia from imposing its will on the other republics of the shattered Yugoslav federation.

Several U.S. officials acknowledged that such measures as the recall of Ambassador Zimmerman

had had no effect on President Slobodan Milosevic's government. The officials said the only thing that might deter Serbia from dismembering Bosnia and then moving against other republics such as Macedonia was the threat of large-scale military intervention.

But asked about the possibility of U.S. intervention, the State Department spokesman, Margaret D. Tutwiler, said: "No. That is not an option. That is not something the United States is considering doing."

Today's

INTERNATIONAL RECRUITMENT

Appears on Page 4

EMPLOYMENT

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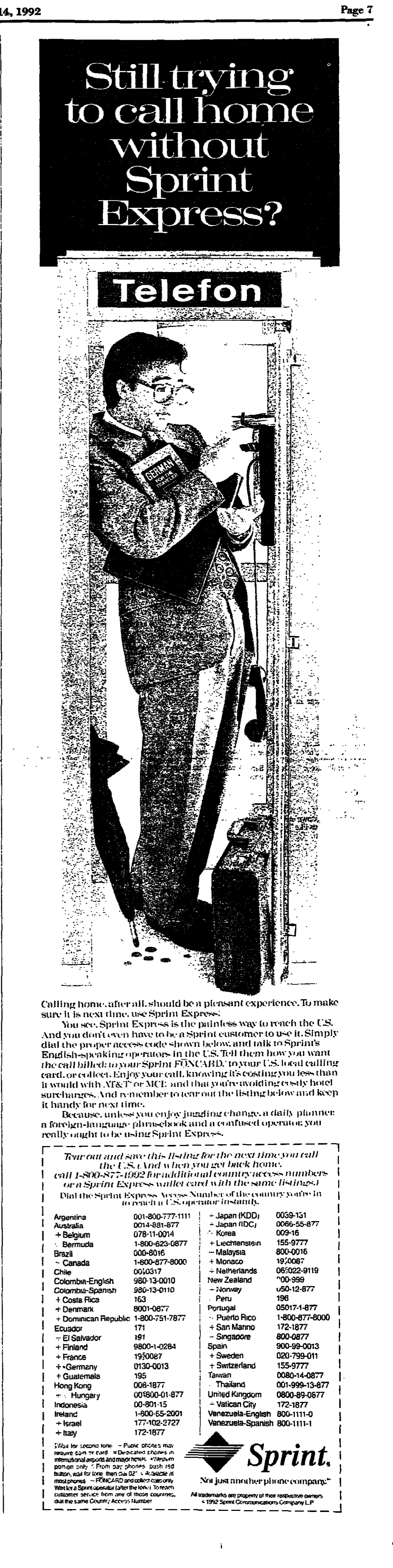
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Colombia-Spanish	980-13-0010	Norway	050-12-877
Costa Rica	163	Peru	198
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Ecuador	171	San Marino	172-1877
El Salvador	181	Singapore	800-0877
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France	19/0087	Sweden	020-799-011
Germany	0130-0013	Switzerland	155-9777
Guatemala	185	Taiwan	0280-14-0877
Hong Kong	008-1877	Thailand	001-999-13-877
Hungary	001800-01-877	United Kingdom	0800-89-0877
Indonesia	00-801-15	Vatican City	172-1877
Ireland	1-800-65-2001	Venezuela-English	800-1111-0
Israel	177-102-2727	Venezuela-Spanish	800-1111-1
Italy	172-1877		

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Telefon

Herald Tribune

Progress on Warming

Despite all its weaknesses and ambiguities, the global warming treaty finally negotiated at the United Nations represents a significant advance for good environmental policy. Legally, it does not bind anyone to do anything specific. But it does more than simply make it possible for President George Bush to go to the United Nations conference in Rio de Janeiro next month. It will fundamentally change the politics of this vehemently contested subject.

Lean on Croatia, Too

Warring Serbs and Croats have managed to agree about one thing in Bosnia: to carve it up. Their cynical deal not only dismembers a newly independent state but also leaves Muslim Slavs, the republic's largest communal group, to fend for themselves in small enclaves. Prolonged strife is inevitable. The United States and Europe cannot countenance that result. In an effort to preserve peace, they need to insist on keeping Bosnia intact.

War Democrats, 1992

There is no blaming unreconstructed Cold Warriors in the Pentagon or the administration now. It is Democrats in Congress who are throwing away the future to protect the past. By insisting on spending billions to build unneeded weapons, they are protecting a few defense jobs but retarding the healthy development of as many permanent, nondefense jobs.

The Savimbi Affair

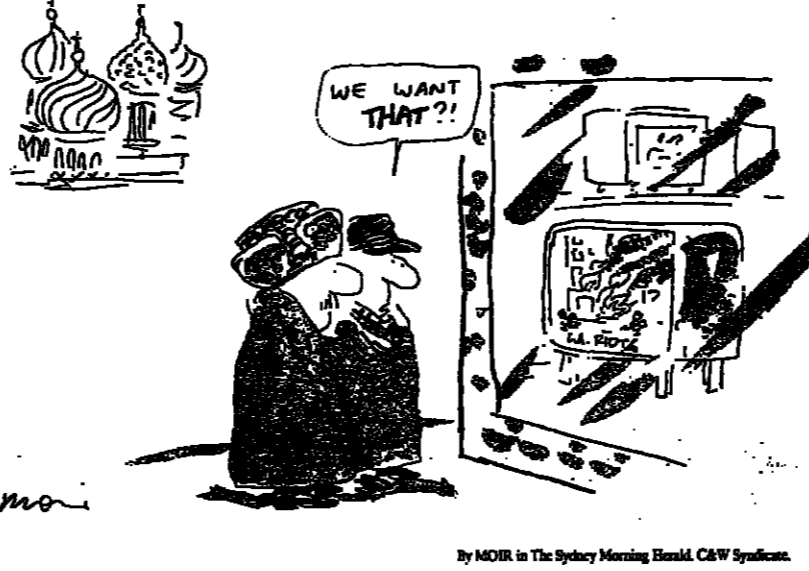
Jonas Savimbi, the Angolan tribal leader who became Washington's favorite African insurgent of the 1980s, is coming under increasing suspicion of being a sadistic killer of colleagues he regarded as a political threat. In a widely publicized case, he has released a report blaming two high-level defectors from his UNITA movement for murdering his former representative in Washington, Pedro "Tito" Chinguiri, a close relative and their families just within the past year.

Democracy Needs to Improve On the Nation-State

PARIS — As ex-Communist states struggle to establish democracy, more and more voices in the West complain that it isn't working properly in their countries. Most governments in Western Europe are weak at the moment. Vocal minorities denounce the Treaty of Maastricht to establish a European union as a step to undermine the right of self-rule.

If Politics Doesn't Help Working People It Isn't Democracy

WASHINGTON — In the last two weeks the most forlorn faces on American television screens have not been those of welfare mothers or bewildered children but of the people who represent a much larger segment of neglected Americans — working-class citizens of all races who have been orphaned by politics.



The Time Is Right for Washington to Suspend Nuclear Testing

WASHINGTON — Out of revolution in Russia and the electoral collapse of the Socialist Party in France comes an opportunity for George Bush to do the right — and politically useful — thing with a single stroke: He should suspend U.S. nuclear testing for the rest of 1992.

A Manhattan Project II Against Nuclear Weapons

WASHINGTON — The events of the last nine months have created conditions that make 1992, the 50th anniversary of the Manhattan Project, just the time to launch a very different version of the original. Call it Manhattan Project II, aimed to undo the legacy of the first as completely as possible: to reduce nuclear weapons and the danger of nuclear war to near zero by the end of the century.

By Flora Lewis
warnings about the dire threat to nationhood, the first saying that France will lose the capacity to protect its workers against free-wheeling capital and the second that it will lose its identity and be run by "Euro-federalists," a typically snide Le Pen play on words.

By William Greider
In the political debate their identity is lost in racial stereotypes or obscured by the fact that most of them are not officially poor by the government's distorted poverty index.

By Jim Hoagland
By joining Russia and France, the United States would bring the force of example to bear on the other declared nuclear powers, Britain and China, to forgo tests this year.

between politics, based on nationhood that gave rise to democracy, and economies that thrive by pushing aside barriers. The Marxist idea of controlling the power of money by nationalizing it has now been fully proven pernicious. It destroys both the economy and democracy.

Define working conditions in ways that support families instead of exploiting them. The supposed miracle of "job creation" in the 1980s produced millions of part-time jobs that are simply a way for employers to escape their obligations to workers — the assured benefits of health insurance, paid sick leave, pensions and vacations.

The writer, national editor of Rolling Stone, is author of "Who Will Tell the People: The Betrayal of American Democracy." He contributed this column to 1992 The New York Times.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1892: Tranquil Czar
BERLIN — There have been fewer warlike rumors in the air this spring. The German Emperor William II is peaceful. Czar Alexander III is prepared to break the peace.

Frugal To Be
MOSCOW — [From our New York edition:] The Red Army launched a surprise offensive tonight [May 13] in the direction of Kharkov, rich industrial city of the Ukraine and a key to the vitally important Donets coal basin. Soviet troops, on the move throughout the day, were advancing in a strong bid to free this city, which is the center of a network of railroads that link Moscow and the northern cities with southern Russia and the Crimea. This move may be part of the Soviet high command's plan to drive the German Army out of the Ukraine forever or may be a limited engagement to ease the pressure on the defenders in the Kerch Peninsula.

Frugal Japan Is on Track To Be Economic Leader

By Hobart Rowen

WASHINGTON — In less than five years, Japan will succeed the United States as the world's leading manufacturing power. And just after the year 2000, Japan will become the leading economic power overall. That is the forecast of Kenneth Couris, Deutsche Bank's chief economist in Tokyo.

In discussions with journalists and in testimony before the congressional Joint Economic Committee last week, he sketched a picture of an increasingly powerful Japan, readying itself for a new wave of industrial expansion.

Any notion that the current Japanese recession will make it easier for America and Europe to compete with Japan is an exercise in wishful thinking. In fact, Mr. Couris concludes, the downturn is a deliberately engineered event designed to win competitive access to the economy.

Without indulging in Japan-bashing, he laid out some breathtaking details of what he labels the "investment gap" between the United States and Japan. Japan now invests 20 percent of its GNP in new plant and equipment — twice the American percentage. Last year that worked out to \$5,320 per capita in Japan, and \$2,177 in the United States.

On an inflation-adjusted basis, that means that Japan out-invested America last year by some \$440 billion, Mr. Couris told Congress. This is a gap, he suggested, that would take at least a decade to close — even if America seriously tries to catch up.

Moreover, he said, the Japanese have grown better at deploying state-of-the-art equipment "faster and more widely than the United States." And he says that Japan's leading corporations are better performers "in an ever larger number of critical industries for the future."

New DRI/McGraw Hill estimates support Mr. Couris's judgment that Japan will overtake America as the leading economic power. For the years 1990 to 1995, the average U.S. average growth rate of a package 2 percent, rising to only 2.3 percent in the 1995-2000 period. For Japan, the comparable averages are put at 3.7 and 3.2 percent.

Thus, Japan appears to be beating the United States at the manufacturing game the old-fashioned way, by putting

more money into factories and generating new products — not by some unfair, non-level "playing field."

Mr. Couris calculates that from 1986 through 1991, private-sector plant and equipment investment in Japan's domestic economy exceeded \$3 trillion. In addition, there was another \$500 billion in Japanese research and development. This heavy investment "has been critical to the strategic repositioning of the Japanese economy since the mid-1980s," he said. This strategy overwhelmed the grand design of the famous Plaza accord in 1985, which was to cut the Japanese trade surplus by manipulating exchange rates to push the value of the yen higher.

Mr. Couris offers no magic solution. His personal belief is that the world would be a safer place if the pendulum economic power did not swing to Japan. He feels that more of the world still prefers the United States to be the stabilizing "center of gravity."

He points to one wild card that could affect the outcome: the unsettled state of global trade negotiations for the Uruguay Round. Japanese corporations fear that a breakdown of the trade talks might lead to creation of competing regional blocs that exclude Japan. That, apparently, is what lies behind the recent suggestion by Akiro Morita of Sony that Japanese corporations overhaul their pricing practices to conform with what is prevalent in the West.

How should America respond? If it imposes Richard Gephardt-style quotas on Japanese imports in order to force Japan to accept more American products, it will do nothing to make America more competitive or induce greater investment by American companies.

In the past six years, Japan has increased the size of its economy by half through a shrewd investment policy, Mr. Couris pointed out. Yet many American companies, notably in the auto industry, have sought protection and quotas instead of becoming more competitive on the factory floor and in marketing.

"Our biggest structural problem," a major American chief executive told me, "is a shortage of savings. And we have a shortage of savings available for investment because the national budget deficit absorbs 80 percent to 90 percent of the savings pool." Some political leader needs to pick up the refrain last sounded by Paul Tsongas, and call for sacrifices: cuts on the growth of entitlements, and a willingness to raise taxes.

The Washington Post.



LETTERS TO THE EDITOR

For Militia Duty Only

Article II to the U.S. Bill of Rights states, "A well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms, shall not be infringed." The second half of this amendment is known by one and all and endlessly quoted by the National Rifle Association. The first half is either totally ignored or unknown.

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The Washington Post.

Spaniards at the Salone?

Regarding "Italian Furniture" (Style, April 21) by Suzanne Stein:

The visitors to the Salone del Mobile Italiano must have been speaking Esperanto as they chanted "Que carna" in admiration of the new design. Or is it that mental hurdle that snags so many Americans as they dare to be cosmopolitan with a dash of Italian — the CH?

Not to worry. A good glass of chianti, a walk across the Ponte Vecchio and a visit to the nearest Florentine restaurant-Hispanic next year's visitors to the Salone, so that they will be reported to have remarked "Che carna" (How nice) as they view the next new look.

SALLY QUINN, Montegrotto Terme, Italy.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature and all address information. They should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Beware, a Vanquished River Can Resurge in the Basement

By William Cronon

NEW HAVEN, Connecticut — On April 13, the ghosts of two forgotten landscapes, a wetland and a crowded turn-of-the-century city, came back to haunt Chicago. The leak that drained the Chicago River into the basements of the Loop was in no way a natural disaster. It was a failure of memory.

One of these two ghosts was the marshy prairie that occupied the site long before anyone dreamed that it would be a city. Siting atop the low-lying divide between the Great Lakes and the Mississippi watersheds, Chicago had always been a place where water lingered before making its long journey back to the sea. From the 1830s to the 1850s, mud and floods were a fact of the city's life.

Chicagoans tried to escape the consequences of living in a marsh by building wooden sidewalks and pavements to cover the muck. Soon, however, they made more heroic efforts. Starting in the 1850s they began literally to lift their city out of the mire. Using jacks and other ingenious devices, they lifted buildings into the air and built new foundations beneath them.

In the space of several decades they raised grade level in the Loop by a dozen or more feet. The old marshland went underground, and hidden drainage systems kept the city's new basement dry. By the end of the century, floods were a thing of the past. Chicago's citizens no longer worried much about the bad drainage of the original landscape.

Instead they had to confront the new excesses of an artificial cityscape. The exploding work force of the new skyscrapers and the railroads' dumping of goods and people in the heart of downtown helped create legendary traffic jams. And so, at the start of the new century, the Chicago Tunnel Company sought to reduce the traffic problem by moving part of it underground. Boring in soft clay 40 feet (12 meters) beneath the city's surface, the company constructed more than 60 miles (some 100 kilometers) of tunnels connecting most Loop buildings.

Soon, most downtown mail was delivered underground. Wholesaleers shipped goods through the tunnels, and coal — the most popular fuel for furnaces and boilers — was hauled underground as well. This removed 5,000 delivery wagons from the streets each business day.

In addition, the tunnels became conduits for telephone cables. They carried pneumatic tubes, which served as the early 20th century's equivalent of our fax machines. They even supplied skyscrapers with cool underground air as an early source of air conditioning. For half a century the system served Chicago well, with 177 locomotives and 3,000 freight cars shuttling among buildings.

Gradually the disappearance of horse-drawn vehicles and their replacement by diesel trucks gave surface delivery systems a cheapness and flexibility that the tunnels could not match. In the 1950s the tunnel system was reduced to hauling ash and other refuse. In the 1960s it was abandoned altogether. Like the marshy prairie out of which Chicagoans had once lifted their city, the tunnels receded from memory, becoming all but forgotten relics from a lost landscape.

That is why one might almost say that the Great Chicago Flood of 1992 was caused by forgetfulness. Most people who commute into the Loop have only a foggy notion that the land under which they work was once wet prairie and that the Chicago River would return to earlier times if given half a chance. The natural landscape has long since been obscured beneath city streets.

In much the same way, until last month most Chicagoans probably had no idea that beneath those streets lay a network of tunnels designed to solve urban problems that no longer exist. So when new pilings were sunk in the river last summer, perhaps few bothered to wonder what they might do to the historical artifact 40 feet underground.

The lesson of Chicago's flood is simple. People are willing to concentrate extraordinary energy and talent on solving environmental problems. Once those problems are solved, however, the artificial systems we erect to protect ourselves recede into the background, becoming second nature for us.

As the flood showed, the perils of forgetfulness can be grave, and seem to be an inescapable problem of modern life. Perhaps most insidiously, they exist in the miraculous health that many people have enjoyed since the advent of penicillin and other antibiotics. The news that tuberculosis is again on the rise is a deadly reminder — like the 250 million gallons of billion liters that rushed down a whirlpool in the Chicago River — that the world our ancestors sought to escape, and that we no longer remember, can return.

The writer, a professor of history at Yale, is author of "Nature's Metropolis: Chicago and the Great West." He contributed this column to The New York Times.

Democracy

Define working conditions in ways that protect families instead of exploiting them. Support a national "work creation" program to produce millions of part-time jobs for people who are unable to find full-time work. Insure workers — the assured benefits insurance, paid sick leave, pension plans, etc. — in a way that does not create a simple standard. No company that does not provide these benefits will be eligible for the government's largest. Funding for the working poor, including the elderly, should be actually reduced to encourage companies who exploit them. Restore a sense of shared enterprise by requiring corporations to repurchase shares from employees to stimulate economic growth. While stimulating millions of good jobs, the government should also create a simple standard. U.S. jobs must be accumulated by savings.

Our biggest structural problem, a major American chief executive told me, "is a shortage of savings. And we have a shortage of savings available for investment because the national budget deficit absorbs 80 percent to 90 percent of the savings pool." Some political leader needs to pick up the refrain last sounded by Paul Tsongas, and call for sacrifices: cuts on the growth of entitlements, and a willingness to raise taxes.

The Washington Post.

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The Washington Post.

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The Washington Post.

Honor the Other Athletes

In this Olympic year, the suspension and reinstatement of Germany's world champion sprinter Katrin Krabbe has

received a great deal of attention. The tragedy, which many sports journalists have not explained to their readers, is that the prodigious amount of effort expended by nondrug-using athletes has been made ridiculous by the literally superhuman performances of the Johnsons, the Krabbes and all of the others who have been lucky or adept enough to avoid detection. (You know who you are, and the rest of us are very suspicious.)

ROBERTO DE VIDO, Hong Kong.

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INTERNATIONAL FUNDS

May 13, 1992

Table listing various international funds with columns for fund name, currency, and price. Includes categories like Global Growth, International Equity, and International Bond.

1912: Move on Kharok

MOSCOW — The Red Army launched a surprise offensive against Kharok, near the city of Leningrad, on May 13. The attack was part of a series of operations to clear the area of German forces. The Red Army's advance was met with fierce resistance from the German troops. The battle was a tactical success for the Red Army, but it also resulted in significant casualties on both sides.

AB - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; CB - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; G - Gibraltar Pounds; HK - Hong Kong Dollars; HUF - Hungarian Forints; I - Italian Lira; J - Japanese Yen; L - Luxembourg Francs; M - Mexican Pesos; N - New Zealand Dollars; P - Portuguese Escudos; S - Spanish Pesetas; SF - Swiss Francs; T - Turkish Lira; U.S. - U.S. Dollars; Y - Yugoslav Dinars; Z - Zimbabwe Dollars.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

MARKET DIARY

Muddy Rate Picture Confuses Traders

NEW YORK — The stock market was thrown into confusion on Wednesday by the Federal Reserve Board's interest-rate intentions...

N.Y. Stocks

The market is a sign of that confusion, said Alfred Goldman, market analyst at A.G. Edwards & Sons...

The central bank injected reserves into the banking system in a manner unexpected by the financial markets but at the late-morning hour at which it usually executes its normal operations...

RECOVERY: More Modest Signs

downward like the one of March. "If you don't like the numbers come back in a month," said...

The dollar, which opened at 1.6165 DM and jumped to 1.6222 DM by midday, retreated to 1.6093 DM at the close...

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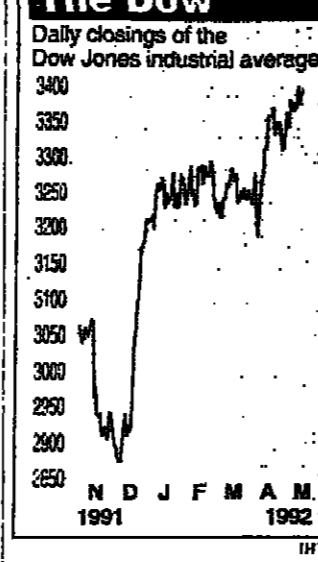
UPI: Pat Robertson Pays \$6 Million to Bring the News Wire Into His Fold

(Continued from first finance page) man said he could not comment but a source said to speak with Mr. Robertson directly...

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Johannesburg, Singapore, Stockholm, Toronto, Zurich, and others.

The Dow



Daily closings of the Dow Jones industrial average

NYSE Most Active

Table listing NYSE most active stocks with columns for Volume, High, Low, Last, and Change.

AMEX Most Active

Table listing AMEX most active stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary

Table listing NYSE diary items with columns for Volume, High, Low, Last, and Change.

AMEX Diary

Table listing AMEX diary items with columns for Volume, High, Low, Last, and Change.

NASDAQ Diary

Table listing NASDAQ diary items with columns for Volume, High, Low, Last, and Change.

Dow Jones Averages

Table showing Dow Jones averages for various sectors like Industrials, Utilities, etc.

Standard & Poor's Indexes

Table showing Standard & Poor's indexes for various sectors.

NYSE Indexes

Table showing NYSE indexes for various sectors.

NASDAQ Indexes

Table showing NASDAQ indexes for various sectors.

AMEX Stock Index

Table showing AMEX stock index.

Dow Jones Bond Averages

Table showing Dow Jones bond averages for various categories.

Market Sales

Table showing market sales for various commodities.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. odd-lot trading data.

S&P 100 Index Options

Table showing S&P 100 index options data.

EUROPEAN FUTURES

Table showing European futures for various commodities.

Stock Indexes

Table showing stock indexes for various regions.

Commodity

Table showing commodity prices for various goods.

Dividends

Table showing dividend information for various stocks.

Financial

Table showing financial data for various companies.

3-MONTH STERLING (LIFFE)

Table showing 3-month sterling futures data.

3-MONTH EURO-DOLLARS (LIFFE)

Table showing 3-month euro-dollars futures data.

3-MONTH EURO-MARKS (LIFFE)

Table showing 3-month euro-marks futures data.

U.S. FUTURES

Table showing U.S. futures for various commodities.

Grains

Table showing grain futures prices.

WHEAT (CBOT)

Table showing wheat futures prices.

SOYBEAN MEAL (CBOT)

Table showing soybean meal futures prices.

SOYBEAN OIL (CBOT)

Table showing soybean oil futures prices.

WHEAT (KCBT)

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Time Refinances Most Bank Debt

NEW YORK (UPI) — Time Warner Inc. said Wednesday a consortium of banks led by Bankers Trust and Chemical Bank had agreed to provide a \$6.2 billion loan to its newly formed Time Warner Entertainment subsidiary...

Managers Acquire UA Theater Chain

DENVER (UPI) — Tele-Communications Inc. announced Wednesday it had sold United Artists Theatre Circuit Inc. — the largest U.S. movie chain — for \$680 million to a group of managers and Merrill Lynch Capital Partners Inc...

U.S. Car Sales Fell 0.3% in Early May

DETOIT (NYT) — Sales of U.S.-made cars and light trucks fell 0.3 percent in early May, the industry reported Wednesday. But the sluggish results contained a hopeful sign for the Big Three U.S. automakers, which grabbed a bigger share from Japanese transplant producers...

Whittle to Focus on Electronic Media

NEW YORK (AP) — Whittle Communications LP plans to cut its work force by 5 percent and focus on electronic rather than print media in response to slower corporate revenue growth, a source close to the company said Wednesday...

Carter Hawley Arranges Financing

LOS ANGELES (UPI) — Carter Hawley Hale Stores Inc. said Wednesday it had received a commitment for \$800 million in post-bankruptcy financing...

U.S. FUTURES

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Vertical advertisements on the right edge of the page, including 'COMI Cleanup', 'Can Euro', and 'ADG'.

NYSE

Wednesday's Closing

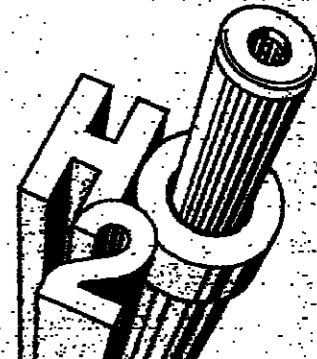
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

High	Low	Stock	Dr	Yld	PE	High	Low	P.A. On
100.00	99.50	IBM	+	4.5	15.5	100.00	99.50	100.00
100.00	99.50	IBM	+	4.5	15.5	100.00	99.50	100.00
100.00	99.50	IBM	+	4.5	15.5	100.00	99.50	100.00
100.00	99.50	IBM	+	4.5	15.5	100.00	99.50	100.00
100.00	99.50	IBM	+	4.5	15.5	100.00	99.50	100.00

Stock	Dr	Yld	PE	High	Low	P.A. On
IBM	+	4.5	15.5	100.00	99.50	100.00
IBM	+	4.5	15.5	100.00	99.50	100.00
IBM	+	4.5	15.5	100.00	99.50	100.00
IBM	+	4.5	15.5	100.00	99.50	100.00
IBM	+	4.5	15.5	100.00	99.50	100.00

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Finland F.M.	2,200	3,640	1,200
France F.F.	1,800	3,084	990
Germany D.M.	665	1,092	365
Great Britain £	810	1,092	416
Greece Dr.	150	791	105
Ireland S.H.	65,000	91,000	36,000
Italy Lire	220	345	120
Japan Yen	450,000	500,000	250,000
Luxembourg L.F.	13,000	20,200	7,100
Netherlands Fl.	710	1,182	390
Norway N.Kr.	3,300	5,095	1,800
Portugal Esc.	45,000	76,400	25,000
Spain Ptas.	45,000	69,140	25,000
Sweden (para) S.Kr.	55,000	89,700	27,500
Switzerland S.Fr.	2,900	4,388	1,400
Rest of Europe, N. Africa, former French Africa, Middle East	630	945	345
Rest of Africa, Gulf States, Asia	780	1,182	430

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AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	12 Month Low	Stock	Div Yld %	PE	High	Low	1 P.M. Cl
100	25	ADM	1.6	15.5	34 1/4	33 3/4	33 1/2
40	10	ALC	1.8	12.8	27 1/2	27	26 5/8
10	5	AMC	2.0	10.0	20	19 1/2	19 1/4
15	7	AMR	1.5	18.0	37 1/2	37	36 3/4
20	10	ANR	1.2	15.0	30	29 1/2	29 1/4
30	15	ARN	1.0	13.0	26 1/2	26	25 3/4
40	20	ASA	1.5	14.0	31 1/2	31	30 3/4
50	25	ATN	1.8	12.0	28 1/2	28	27 3/4
60	30	BAC	2.5	11.0	23 1/2	23	22 3/4
70	35	BAY	2.0	14.0	31 1/2	31	30 3/4
80	40	BAX	1.5	16.0	34 1/2	34	33 3/4
90	45	BEP	1.2	18.0	37 1/2	37	36 3/4
100	50	BFA	1.0	20.0	40 1/2	40	39 3/4
110	55	BFI	1.5	17.0	36 1/2	36	35 3/4
120	60	BFD	1.8	15.0	32 1/2	32	31 3/4
130	65	BFC	2.0	13.0	28 1/2	28	27 3/4
140	70	BFB	2.2	12.0	27 1/2	27	26 3/4
150	75	BFG	2.5	11.0	25 1/2	25	24 3/4
160	80	BFI	2.8	10.0	23 1/2	23	22 3/4
170	85	BFL	3.0	9.0	21 1/2	21	20 3/4
180	90	BFB	3.2	8.0	19 1/2	19	18 3/4
190	95	BFC	3.5	7.0	17 1/2	17	16 3/4
200	100	BFD	3.8	6.0	15 1/2	15	14 3/4

12 Month High	12 Month Low	Stock	Div Yld %	PE	High	Low	1 P.M. Cl
10	5	BIL	1.0	12.0	24 1/2	24	23 3/4
20	10	BIM	1.5	14.0	31 1/2	31	30 3/4
30	15	BIP	2.0	16.0	38 1/2	38	37 3/4
40	20	BIS	2.5	18.0	45 1/2	45	44 3/4
50	25	BIT	3.0	20.0	52 1/2	52	51 3/4
60	30	BIV	3.5	22.0	60 1/2	60	59 3/4
70	35	BIZ	4.0	24.0	68 1/2	68	67 3/4
80	40	BIB	4.5	26.0	76 1/2	76	75 3/4
90	45	BIC	5.0	28.0	84 1/2	84	83 3/4
100	50	BID	5.5	30.0	92 1/2	92	91 3/4
110	55	BIE	6.0	32.0	100 1/2	100	99 3/4
120	60	BIF	6.5	34.0	108 1/2	108	107 3/4
130	65	BIG	7.0	36.0	116 1/2	116	115 3/4
140	70	BIB	7.5	38.0	124 1/2	124	123 3/4
150	75	BIC	8.0	40.0	132 1/2	132	131 3/4
160	80	BID	8.5	42.0	140 1/2	140	139 3/4
170	85	BIE	9.0	44.0	148 1/2	148	147 3/4
180	90	BIF	9.5	46.0	156 1/2	156	155 3/4
190	95	BIG	10.0	48.0	164 1/2	164	163 3/4
200	100	BIB	10.5	50.0	172 1/2	172	171 3/4

12 Month High	12 Month Low	Stock	Div Yld %	PE	High	Low	1 P.M. Cl
10	5	BIS	1.0	12.0	24 1/2	24	23 3/4
20	10	BIM	1.5	14.0	31 1/2	31	30 3/4
30	15	BIP	2.0	16.0	38 1/2	38	37 3/4
40	20	BIS	2.5	18.0	45 1/2	45	44 3/4
50	25	BIT	3.0	20.0	52 1/2	52	51 3/4
60	30	BIV	3.5	22.0	60 1/2	60	59 3/4
70	35	BIZ	4.0	24.0	68 1/2	68	67 3/4
80	40	BIB	4.5	26.0	76 1/2	76	75 3/4
90	45	BIC	5.0	28.0	84 1/2	84	83 3/4
100	50	BID	5.5	30.0	92 1/2	92	91 3/4
110	55	BIE	6.0	32.0	100 1/2	100	99 3/4
120	60	BIF	6.5	34.0	108 1/2	108	107 3/4
130	65	BIG	7.0	36.0	116 1/2	116	115 3/4
140	70	BIB	7.5	38.0	124 1/2	124	123 3/4
150	75	BIC	8.0	40.0	132 1/2	132	131 3/4
160	80	BID	8.5	42.0	140 1/2	140	139 3/4
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190	95	BIG	10.0	48.0	164 1/2	164	163 3/4
200	100	BIB	10.5	50.0	172 1/2	172	171 3/4

NASDAQ

Wednesday's Prices
NASDAQ prices are based on New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Stock	Div Yld %	PE	High	Low	1 P.M. Cl
10	5	BIL	1.0	12.0	24 1/2	24	23 3/4
20	10	BIM	1.5	14.0	31 1/2	31	30 3/4
30	15	BIP	2.0	16.0	38 1/2	38	37 3/4
40	20	BIS	2.5	18.0	45 1/2	45	44 3/4
50	25	BIT	3.0	20.0	52 1/2	52	51 3/4
60	30	BIV	3.5	22.0	60 1/2	60	59 3/4
70	35	BIZ	4.0	24.0	68 1/2	68	67 3/4
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100	50	BID	5.5	30.0	92 1/2	92	91 3/4
110	55	BIE	6.0	32.0	100 1/2	100	99 3/4
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190	95	BIG	10.0	48.0	164 1/2	164	163 3/4
200	100	BIB	10.5	50.0	172 1/2	172	171 3/4

13 Month High, Low, 1 P.M. Cl, Div Yld %

13 Month High	13 Month Low	1 P.M. Cl	Div Yld %
100	25	34 1/4	1.6
40	10	27 1/2	1.8
10	5	20	2.0
15	7	37 1/2	1.5
20	10	30	1.2
30	15	26 1/2	1.0
40	20	31 1/2	1.5
50	25	28 1/2	1.8
60	30	25 1/2	2.5
70	35	31 1/2	2.0
80	40	34 1/2	1.5
90	45	37 1/2	1.0
100	50	32 1/2	1.5
110	55	29 1/2	2.0
120	60	27 1/2	2.2
130	65	25 1/2	2.5
140	70	23 1/2	2.8
150	75	21 1/2	3.0
160	80	19 1/2	3.2
170	85	17 1/2	3.5
180	90	15 1/2	3.8
190	95	13 1/2	4.0
200	100	11 1/2	4.5

REACHING THE EUROPEAN LEADERSHIP

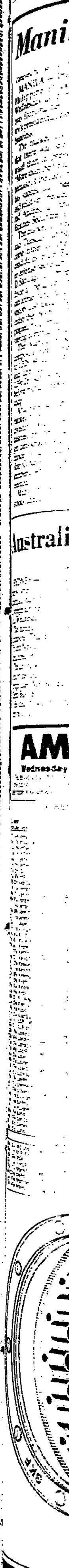
Government Political Leaders*

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- Financial Times
- Wall Street Journal/Europe
- USA Today
- The Economist
- Time
- Newsweek
- Business Week
- Forbes
- National Geographic
- Scientific American
- International Management

...Continental European Government and political leaders... International Herald Tribune... any other international publications.

International Herald Tribune

July 1992



Manila Markets Like Front-Runners

Compiled by Our Staff From Dispatches

MANILA—Prices soared on Philippine stock exchanges Wednesday as investors saw the two front-runners in the country's presidential elections as probable winners.

The market also was relieved that there was less violence and more stability in the country since the previous elections. "Judging from the final outcome, it is obvious that the fact that the polling was successfully completed is a very positive development," said Coran C. Aquino, an analyst at Asia Pacific Securities Philippines.

The market closed on Monday and Tuesday, appeared to welcome either of the two leading candidates, Fidel Ramos, a former defense secretary, and Miriam Defensora Pineda, a former judge. Both favor a privatized economy that can attract foreign investment. Investors also liked the strong leadership they both offer to a country plagued by corruption and a simmering communist insurgency.

The Manila Stock Exchange composite index rose 7.5 percent, to 3,328.04, gaining 93.02 points and approaching its record of 3,366.26, set in November 1989 before a rebel rebellion launched a coup.

Analysts said they expected the market to sustain the climb as investors took a serious look at business prospects under a strong leader, with the possible prospect of a tougher president than Coran C. Aquino, the incumbent, who is not seeking reelection.

Many investors who sold stocks ahead of Monday's elec-

Bank Chief Quits in Protest

Resigns

MANILA—President Coran C. Aquino on Wednesday accepted the resignation of the president of the Philippine National Bank, who charged the government was trying to overdraw his checking account to help his favored candidate in the country's presidential election.

Mrs. Aquino said in a letter given to reporters that she accepted Edgardo Espinosa's resignation from the partially privatized bank with regret. The resignation is effective May 31.

Mr. Espinosa accused Mrs. Aquino's government last week of trying to influence Monday's presidential elections by spending money it did not have.

Mrs. Aquino, who is to step down on June 30, actively campaigned for her former defense secretary, Fidel Ramos, who is one of two front-runners in results now being counted.

Mr. Espinosa accused the government last week of "immoral spending" to try to influence the outcome of May 11 presidential and congressional elections, an accusation denied by the government.

He contended the government was trying to influence the ballot by rushing through projects without the money to pay for them, and he refused to honor government checks that were not covered by deposits.

He said the bank, where the government deposits its funds, received a government order late last month to release 980 million pesos (\$38.87 million) for infrastructure projects rushed ahead of the polls.

A government spokesman accused bank executives of a conspiracy, influenced by a rival political party, to freeze funds for the projects.

Companies that were holding back before the elections could now list their shares, and reluctant buyers would all want to get a piece of the action, brokers said.

Raul Concepcion, who heads the country's largest manufacturer of air conditioners and refrigerators, said the election would encourage foreign investment.

A combination of natural disasters, breakdowns of basic services, power outages and political instabil-

ity generated by coup attempts has resulted in a near-stagnant economy under Mrs. Aquino, whose term ends June 30.

Investors "have always been apprehensive that the Philippines cannot hold a true and honest free election," Mr. Concepcion said. "We have done this through this democratic process."

The relatively peaceful conduct of the national elections, in which 25 million Filipinos voted for a president, a two-chamber Congress and 17,000 local officials, has brought enormous relief to a jittery market, brokers said.

"People realized we scared ourselves too much," said Ramon Kabigbing of Ansony Hagedorn Securities. "Now they sigh with relief that it's over and without too much violence."

"When the excitement ceases in the coming days, the new government will provide a new beginning, a new confidence in the business prospects in the Philippines," Mr. Kabigbing said.

Ms. Balane of Asia Equity said the coming months would be crucial for the victor to prove an ability to push the economy forward.

"The market will wait which if the next president and vice president will have the proper chemistry to work in a harmonious way to get the economy moving even further ahead," she said.

The vice presidential race is being led by movie-actor-narrator Joseph Estrada, who is from a different party than the presidential front-runners.

(Reuters, AP, Bloomberg)

Visit From China Gives Early Lift to Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG—News that the governor of China's booming Guangdong province will make a first-ever visit to Hong Kong cheered the colony's business community on Wednesday and helped the stock market extend its record streak.

The Hong Kong government said that Zhu Senlin would arrive on Friday for a four-day visit, the first to the colony by a Guangdong governor since the Communist victory of 1949.

Analysts said Mr. Zhu was apparently emboldened by the reform drive of China's paramount leader, Deng Xiaoping, who endorsed Guangdong's market-oriented policies during a trip to the province earlier this year.

The trip also highlights the growing economic links between Hong Kong and the neighboring province, a Hong Kong official said.

"This visit is good news for us," the official said. "It is a sign of the close and developing links between Hong Kong and Guangdong."

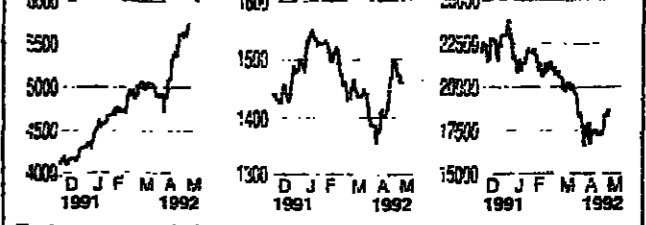
News of the visit strengthened sentiment on the Hong Kong stock market. The Hang Seng Index gained 52.02 points to 5,757.95, its third straight record close.

"The bottom line is that there is considerable confidence in the pace of reforms in China," said Howard Gorges, managing director of South China Securities.

The schedule for Mr. Zhu's visit includes talks with Hong Kong's governor, Lord Wilson, Financial Secretary Harold Macleod and Police Commissioner Li Kwan-ha, a government statement said.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
6000	1600	25000



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	5,757.95	5,705.93	+0.91
Singapore	Straits Times	1,461.52	1,458.57	+0.20
Sydney	All Ordinaries	1,682.70	1,676.80	+0.35
Tokyo	Nikkei 225	18,768.57	18,508.53	+1.40
Kuala Lumpur	Composite	598.65	603.08	-0.73
Bangkok	SET	731.27	754.63	-3.10
Seoul	Composite Stock	592.28	588.40	+1.00
Taipei	Weighted Price	4,326.38	4,289.24	+0.87
Manila	Composite	1,328.04	1,235.02	+7.53
Jakarta	Stock Index	289.58	288.78	+0.28
New Zealand	NZSE-40	1,509.15	1,494.95	+0.95
Bombay	National Index	1,508.69	1,376.42	+9.39

Very briefly:

- Nippon Telegraph & Telephone Corp. may consider measures including bonus share issues and higher dividends in an effort to support its sagging stock price, NTT President Masashi Kojima said, according to Jiji Press.
- Texas Instruments Japan Ltd. said it had signed an agreement with NHK, the Japanese public broadcaster, to develop circuits for controlling high-definition TV displays; no financial details were provided.
- Adam Opel AG, the German unit of General Motors Corp., has signed an exclusive import and distribution agreement with Yamaichi & Co., the largest car importer in Japan, officials of both companies said.
- Toyoda Machine Works Ltd. revised its earnings forecast for the year ended in March to a loss of 2.8 billion yen (\$21.1 million), from a profit of 3.0 billion yen, because of restructuring of an overseas subsidiary.
- Thailand's stock index fell 3.09 percent, or 23.36 points, on Wednesday as rumors of political instability unsettled investors.
- News Corp. shares climbed 68 cents on Wednesday, to 22.40 Australian dollars, following the company's report of a 437 million dollar (\$328 million) group profit for the nine months ended March 31, eight times the profit in the year-earlier period.

H.K. Firm Plans China Car Complex

HONG KONG—Chain Tai International Ltd. of Hong Kong plans to develop a \$2 billion auto and auto-parts complex on Lang Chi Island, off China's southeastern province of Fujian, the company's general manager, George Shih, said Wednesday.

Chain Tai has signed a contract with the Fujian government initially to develop 12 square kilometers (4.6 square miles) of the island into an industrial zone with 20 to 30 factories manufacturing auto parts.

The project, dubbed "Car City," will also produce light vans and eventually whole cars for sale on the Chinese market, Mr. Shih said.

Australian Air Considering a Foreign Alliance

SYDNEY—Australian Airlines, the government-owned domestic carrier, would like to fly internationally but may opt for an alliance with a foreign airline to ease costs, an airline official said Wednesday.

The airline is interested in flying to Japan, Singapore, Thailand, Hong Kong, Indonesia, Fiji and New Zealand, said John Schaap, managing director of the Australian Airlines Group. The airline would also like to fly to Cairns, a major destination for Japanese tourists, from foreign sites, Mr. Schaap said in a speech to the Cairns Business Community in Queensland.

He said, however, that such an expansion may be too costly.

Sega Settles Patent Case

TOKYO—Sega Enterprise Ltd., a major Japanese amusement equipment maker, said Wednesday it had agreed to pay \$7.1 million yen (\$43 million) to an American inventor for infringing his patent.

The agreement follows another infringement case in which Minolta Camera Co. of Japan paid \$12 million last month to Honeywell Inc. of the United States, which holds patents for autofocus technology in cameras.

A jury in Los Angeles ordered Sega last month to pay \$33 million to Jan R. Coyle for infringing his 1975 patent for color-image display technology.

Tokuzo Komai, vice president of Sega, said the company decided to settle because it saw no benefit in continuing to contest the case. A similar case had ended in favor of the American inventor, he noted.

AMEX
Wednesday's Closing
Includes the afternoon price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press
(Continued)

12 Month	High	Low	Stock	Div	Yield	PE	52	52	High	Low	4 P.M. CHG
30	157.74	146.15	Amstar	1.00	6.4%	24	250	240	157.74	146.15	+11.59
30	157.74	146.15	Amstar	1.00	6.4%	24	250	240	157.74	146.15	+11.59
30	157.74	146.15	Amstar	1.00	6.4%	24	250	240	157.74	146.15	+11.59

The world leader in rolling bearings. SKF is a major supplier to the aircraft industry. With operators calling for engines with ever lower fuel consumption for both cost and environmental reasons, SKF is developing the

higher performance bearings that such engines require like the one shown here. Using extra high purity steels and meticulous production methods, this generation of bearings is able to run at speeds up to 13,000 rpm and at temperatures up to 200°C. With its technological leadership,

months of 1992 amounted to \$1.232 billion, compared with \$1.214 billion for the corresponding period of 1991. Of this amount, the speciality steel division Ovako's external sales accounted for \$131 million. After financial income and expense the Group result was \$-5.9 million compared with \$10.4 million in the first quarter of 1991. Included in the 1992 result is Ovako's \$-19 million and other net non-recurring income totalling \$12 million. Sales during the first quarter of 1992 continued on about the same

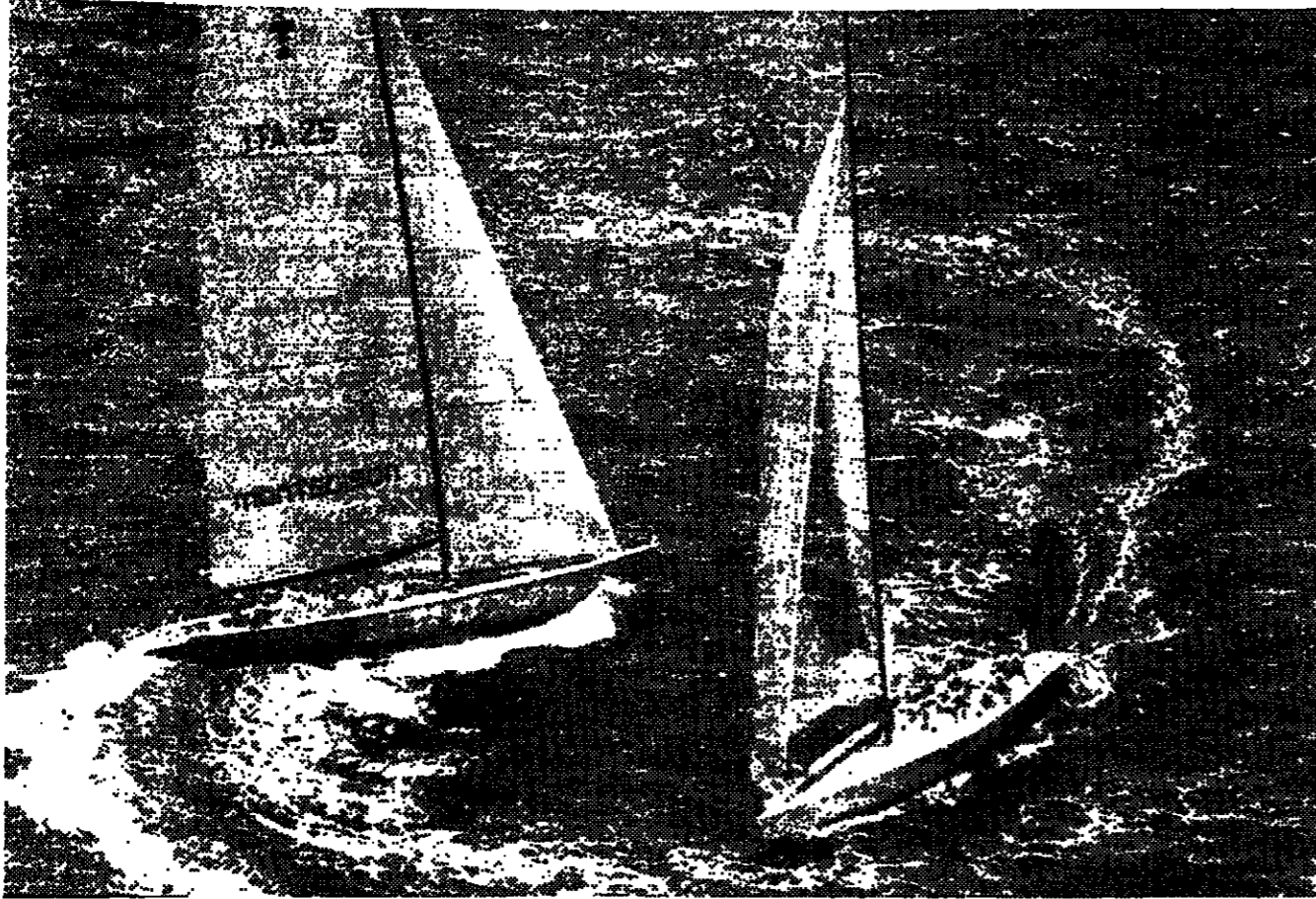
level as the second half of 1991. Measures to reduce Group costs continued as planned.

Forecast
Although business conditions are not expected to decline further an upturn will probably not occur until the first half of 1993. SKF expects its result to improve compared with 1991 since that the Group shall show a positive result after financial net in 1992. For a copy of the 1991 Annual Report, please contact SKF Group Public Affairs, S-415 50 Göteborg, Sweden. Tel: +46-31-37 10 00

SKF is traded with the symbol SKF on the NASDAQ national list. All the figures have been converted from Swedish Kroner. Average rate of exchange: Jan - March 1992 1 US dollar = 9.81 SEK; Jan-March 1991 1 US dollar = 9.70 SEK

SKF

SPORTS AMERICA'S CUP



Il Moro di Venezia, left, and America's Cup defender at the start of the race; America's Cup defender got a quick start and never looked back.

Flawless America's Crew Grabs 2-1 Lead

By Barbara Lloyd
New York Times Service

SAN DIEGO — Bill Koch's America's Cup dominated the third America's Cup yacht race from the start, never giving Paul Cayard and his Il Moro di Venezia crew the opportunity to pass.

America's won the match Tuesday by 1 minute, 58 seconds, to move to a 2-1 lead in the best-of-seven-race series. But the victory did not come without intimations of a psychological challenge from the Italian team.

As so often happens in the America's Cup matches here, when competition on the race course turns predictable, the sparring on shore kicks in like a squall at the end of a sea breeze.

"That happened in the challenge trials when, amid complaints from the Italian team, New Zealand toppled from a 3-1 lead to a 3-5 loss. And on Tuesday, it appeared

that Italy might again resort to a technical protest.

Il Moro raised a red protest flag after an ESPN cameraman in the water, who was taking a video of a mark-rounding, drifted outside the mark and into the path of the approaching yachts. ESPN announcers said their diver wanted to be on the inside of the turn, but a strong current in the area appeared to have pushed him outside the mark.

Cayard was expected to claim that he had to sail around the scuba diver to clear the buoy. But once the race was over, the Italians withdrew their protest flag.

As if a gentleman's agreement had been signed before the gun signaled the start, Il Moro sailed off to the right side of the course, while America's seemed content to go to the left.

It was a critical call for America's starting helmsman, Dave Delzenbaugh. Within 15 minutes of the

two yachts crossing the line, it was clear that America's had made the right choice.

The wind, which had started out at 9 knots from the west, was shifting to the left, favoring the Koch team. The tactic gave America's the chance to sail unfettered to the first mark, which it rounded 47 seconds ahead of Il Moro.

Although the Koch boat lost a few seconds in the downwind leg, America's maintained its substantial lead. As the winds picked up to nearly 11 knots, the American yacht continued to look strong as the sparring partners made their way through the next six legs.

"Our crew work was flawless," Koch said.

It was an important day for the Koch team. Having lost to Il Moro on Sunday by three seconds, the America's team needed the lift in morale that only a quick victory could offer. The crew had made

several mistakes in Sunday's race, a match that Cayard forced them to sail on the defensive.

Even Cayard conceded this week that America's is "the fastest boat in town." But the advantage, Cayard said, came from Koch's ability to build a new boat later than any of the challengers could because of separate rules for cup defenders and challengers.

The eight original challengers each had to settle on their final boat design by Jan. 24. The defenders had the luxury of building a new boat as late as they could and still compete in the trials.

"In the case of America's, this gives them a two-month design advantage," Cayard said. "There are a lot of good ideas in America's that are taken from observations that the syndicate has made of all the challengers, and probably Stars & Stripes, and even their own boats."

Draw Wins Ajax First UEFA Cup

The Associated Press

AMSTERDAM — Ajax Amsterdam won its first UEFA Cup title Wednesday by holding Torino to a scoreless draw in the second leg of the European soccer tournament's final round.

The Dutch club became the second to win all three of Europe's pro club soccer titles after Italy's Juventus.

Neither team managed to penetrate the other's defense effectively in a tense, action-packed game.

Ajax and Torino played to a 2-2 draw in the first leg two weeks ago in Delle Alpi Stadium in Turin. But Ajax earned the victory then because away goals count more when there is an aggregate tie in the tournament's two-stage matches.

Wednesday's final was played in front of a sell-out crowd of 42,000 in Olympic Stadium.

Ajax applied all of its notorious offensive power, but Torino's defense proved strong enough to withstand all the Dutch attacks.



Wim Jonk, center left, of Amsterdam, and Enzo Scifo of Torino in front of the Ajax goal.

The Amsterdam team played calmly and intelligently throughout, but missed the goal-scoring flair of Dennis Bergkamp, the Dutch league's top scorer, who was sidelined with the flu.

Midfielder Aron Winter controlled Ajax's broad attacks that were built from the midfield and

kept Torino in its own half for much of the contest.

Torino relied on surprise counterattacks by forwards Walter Casagrande and Gianluigi Lentini, which several times produced long shots that forced the Ajax goal-

keeper, Stanley Menzo, to go full stretch.

But Ajax's had the better chances, starting in the middle of the first half when Stefan Petterson headed in a corner that got by goalkeeper Luca Marchegiani but

was saved off the line by midfielder Luca Post. A minute later, Roy fired again, but Marchegiani made a leaping save.

In the second half, Ajax was again the more composed team on the attack.

Preakness: Bruised Hoof, Bruised Ego

By Joseph Durso
New York Times Service

NEW YORK — One day after A.P. Indy was withdrawn from the Preakness with a bruised hoof, two days after Preakness winner Fiddlers Green was withdrawn with a sore ankle, Technology came back from a weekend with a bruised hoof. This only a week or so after Arzzi had gone back to France with a bruised ego.

Sonny Hine, who brought Technology into prominence this spring with victories in the Florida Derby and the Tropical Park Derby, said he was not greatly concerned. But he did acknowledge that the colt had thrown a shoe from the same foot while winning the Tropical Park Derby a month ago. And Hine will fit him with new shoes with felt padding for the Preakness this Saturday.

"I had a few moments of concern when we discovered the bruise," the trainer said Tuesday from Pimlico Race Course in Baltimore. "We detected it when he came in from the workout. It's on the outside of the left front hoof, probably from a stone. But he's walking very well, and his foot isn't sensitive to the touch. I was pleased with his work."

But Hine won't press his luck. He knows that Technology ran a dull 10th in the Kentucky Derby, three weeks after he had lost the shoe in Florida. So, he will send him into the Preakness with Jerry Bailey on his back and full new shoes with a light padding on his feet. As their racing fortunes gyrate, horses were shuttling in and out of Pimlico.

Careful Gesture arrived from Calder in

Florida, and My Luck Runs North arrived from Keeneland in Kentucky. Both Lil E. Tee and Casual Lies, the two top finishers in the Kentucky Derby, arrived on Monday from Churchill Downs and both galloped at Pimlico on Tuesday morning.

Leroy Jolley's Conte di Savoia, the distance runner who was fourth in the Derby, galloped two miles easily. The lightly raced Canadian star, Alydeen, which has won three times in four starts, galloped a mile and three-quarters.

It appears that a full field of 14 will be entered Thursday, when post positions are drawn, and it seems likely that Lil E. Tee will be the favorite. After all, who won the Kentucky Derby that Arzzi was supposed to win?

BOOKS

A POT OF PAINT: Aesthetics on Trial in 'Whistler v. Ruskin'

By Linda Merrill, 419 pages, \$35. Smithsonian Institution Press, 470 L'Enfant Plaza, Room 7100, Washington, D.C. 20560.

Reviewed by Michael Dirda

IN 1878 Sir Courts Lindsay opened the Grosvenor Gallery, dedicated to contemporary art and largely supported by his wife's money. On the gallery's first morning some 7,000 people traipsed through. Among subsequent visitors to the inaugural show none was more influential than John Ruskin, going on 60 and the supreme cultural and social critic of Victorian England.

Ruskin praised the work of his disciple Edward Burne-Jones, but felt considerably less warmly about a clutch of "daubs" by that upstart American dandy, James McNeill Whistler. One work in particular, "Arrangement in Black and Gold: The Falling Rocket," exercised Ruskin to such a degree that he was led to complain about it in his widely read newsletter.

"I have seen, and heard, much of Cockney impudence before now; but never expected to hear a coxcomb ask two hundred guineas for flinging a pot of paint in the public's face."

Such vituperation could hardly surprise Whistler. Still, Ruskin's attack

clearly exceeded the bounds of criticism and Whistler decided to sue for damages. The resulting trial, a great media event, raised most of the issues about art in society that perplex us to this day.

The trial, its preparation and aftermath, form the centerpiece of "A Pot of Paint," by Linda Merrill, a curator at the Freer Gallery, home to one of the world's great Whistler collections. Exceptionally well designed, written with spirit and clarity, lavish with illustrations, this is in general a book worthy of its subjects.

By the time Ruskin attacked Whistler, he had come to believe in "art economy." He maintained that "all economy begins in requiring and teaching every craftsman to give as much work as he can for his money." This issue led to the most famous exchange in the trial, when a lawyer snidely asked Whistler, "How long do you take to knock off one of your pictures?" The artist answered that it had taken him one or two days "to knock off" his "Nocturne in Black and Gold: The Falling Rocket." Then came the crucial question: Lawyer: "The labor of two days is that for which you ask two hundred guineas?" Whistler: "No, I ask it for the knowledge I have gained in the work of a lifetime."

That quickness characterized Whistler, known as much for his caustic wit as for his artistic work. (Oscar Wilde: "I wish I'd said that," Whistler: "You will, Oscar, you will.") At the trial Whistler espoused the view, then revolutionary, that a painting was about nothing but

itself, that it was simply a harmony or symphony of colors and its apparent subject completely incidental. After all, even his portrait of his mother bears the title "Arrangement in Grey and Black."

Ruskin never appeared at the trial — he pleaded illness — but his lawyers called on famous painters of the day to testify. Nevertheless, Whistler won his case, though granted only a derisory farthing for damages. The court costs and other debts bankrupted him. Ruskin's supporters enthusiastically took care of all his bills.

Nothing was finally resolved, of course, not that it could be, and we continue to listen to both sides of this debate. Does art have a social or moral function? Or is it autonomous? Does it need to be pleasing? Does effort matter, or only finished product? How does one determine value? Such questions, and many more, are raised by the duel between Ruskin and Whistler; none, I hope, will ever be permanently settled.

Once an acolyte came up to Ruskin to tell him how much he enjoyed his writings. "I don't care whether you enjoyed them," shot back the social prophet and moralist, "did they do you any good?"

When a similarly enthusiastic admirer compared Whistler to Velázquez, the artist replied with typical modesty, "Why drag in Velázquez? You pay your money and you takes your choice."

Michael Dirda is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

ON the diagramed deal from the quarterfinal of the American Contract Bridge League's Spring Nationals in California, Andy Goodman held the South cards and reached three no-trump. West was convinced that South must hold the spade king, and made the passive lead of the heart ten.

South won the first trick with the heart jack, crossed to the club queen and led the diamond nine. This was covered with the ten, queen and king, and West led his remaining heart. South won with the ace, led a club to the king, uncovering the bad break, and led the diamond eight. East covered with the jack and South took the ace.

South now prayed that West held the diamond seven, and his prayers were answered. When he led that suit West had to win and open up spades, giving South 10 tricks.

After the lead of the spade queen, or the ace followed by the queen, South would have been able to win and enter dummy in clubs for a heart finesse. He could then have cashed heart winners and club winners, a strip-squeeze against West. If that player were to keep his diamond guard, a spade lead would end-play him and give South two diamond tricks at the finish.

NORTH (D)						
♠	4	4	2			
♥	10	8	8			
♦	K	7	4			
♣	A	K	Q	10	6	
WEST						
♠	A	Q	J	7	6	2
♥	10	8				
♦	K	7	4			
♣	3					
EAST						
♠	3					
♥	Q	9	6	5		
♦	10	2				
♣	J	8	5	5	2	
SOUTH						
♠	K	8				
♥	A	J	3			
♦	A	Q	6	5	3	
♣	7	4				

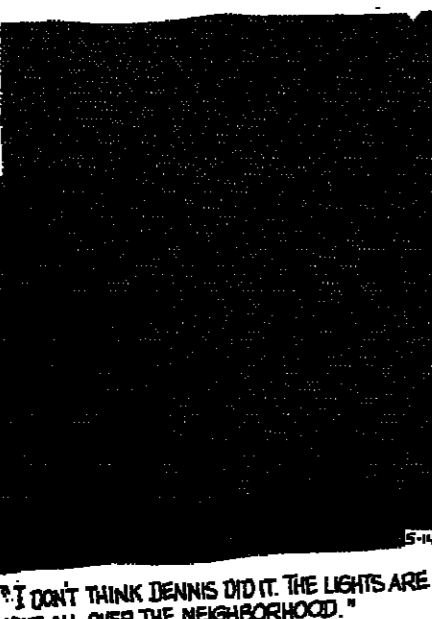
Neither side was vulnerable. The bidding: North: East: South: West: 1♣: 1♥: 2NT: 3♦: Pass: Pass: 3NT: Pass: Pass: Pass.

West led the heart ten.

DOONESBURY



DENNIS THE MENACE



"I DON'T THINK DENNIS DID IT. THE LIGHTS ARE OUT ALL OVER THE NEIGHBORHOOD."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

MYOFA

UGAVE

BREEMM

TEXTENT

Print answer here:

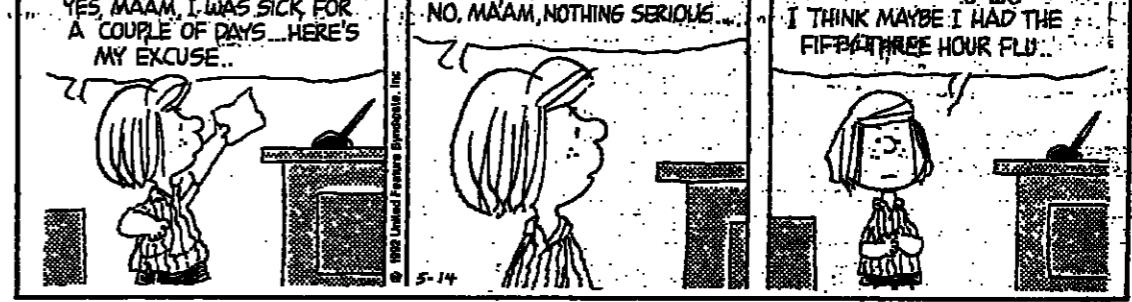
Answers tomorrow

Yesterday's: Jumble: CAPON NAVAL IMPACT OUTPUT Answer: What reaction does man—in ACTION?

BLONDIE



PEANUTS



BEETLE BAILEY



CALVIN AND HOBBES



WIZARD of ID



REX MORGAN



GARFIELD



ART BUCHWALD

Return to Sender

WASHINGTON — There are two significant elections this year. One is for president of the United States and the other more important one involves which image of Elvis Presley will appear on a new 29-cent postage stamp.



Buchwald

The contest was between the Thin Presley of yesteryear, likable and drug-free, and the Fat Elvis in the last days of his life — a mess of a man who, according to his opponents, would look as bad on a stamp as he did in real life.

It was a bitter election with both sides claiming that the other played foul. A spokesman for the Thin Elvis maintained that the fat one was involved in all sorts of sexual affairs, took numerous prescription drugs given to him by an inept doctor, and is a terrible role model to grace anybody's Christmas greeting cards.

They want to put an older person with credibility back on a postage stamp. Once you attach the Fat Elvis stamp you will never have to worry about your letter going to the wrong zip code again.

Supporters of the Thin Elvis ridiculed assertions that a Fat Elvis is what the country needs. One loyalist said, "We're predicting victory. The country doesn't want a burned-out president in the White House or a burned-out rock 'n' roll singer on a postage stamp."

Another told me, "The Fat Elvis people have spent millions of dollars trying to get their man elected. Every fat cat in America has been faxed."

As members of the public voted there was a tremendous amount of exit polling at post offices around the country. A lady said, "I voted for the thin one because Elvis was part of my youth. The fat one was part of my daughter's youth and I haven't talked to her in years."

A student told me, "This country needs a strong, heavy Elvis Presley on its stamp. The thin one looks like a bag of bones."

Another man said, "As far as I am concerned there is no difference between the Thin Elvis and the Fat Elvis. Neither of them did anything for off-track betting. Besides, whichever one they choose, the stamp will be out of date as soon as the postage rates go up."

Many people are curious as to how the election will be decided. First, there's the popular vote. If neither side gets a majority, the election will be declared deadlocked and then the House of Representatives will have to decide what picture to put on the stamp.

Pundits are predicting that if it is a tie, just one person is worthy of appearing on the stamp and that's Ross Perot. He may not be qualified to be president of the United States but the public believes that Perot, with all his money, is the only one who will stick once you lick him on the back.

All Not Quiet on Vienna's Cultural Front

By John Rockwell

VIENNA — The glamorous opening events of this year's Vienna Festival involved the two most prominent artists in the city's musical and theatrical life. Yet despite fervent cheers, both the Italian conductor Claudio Abbado, who bears the title music director of the city of Vienna, and the German stage director Claus Peymann have suffered attacks this season that seem virulent even by Vienna's standards of bitter artistic controversy.

Their bases at the Staatsoper and the Burgtheater, the most prestigious opera company and drama theater in the German-speaking world, have both been under siege. Never has Vienna's reputation as a nest of cultural vipers, or Austria's image as a land in which culture is fought over with a passion, been better illustrated.

At the opera, Abbado resigned in October as music director after the theater authority refused to renew the contract of the State Opera director, Claus Helmuth Drese, and the subsequent regime said it was determined to de-emphasize high-quality, high-visibility premieres. Then on March 29, Drese's successor, the popular baritone Eberhard Wachter, died of a heart attack.

The Burgtheater, meanwhile, has undergone months of agonizing controversy, including furious debates in parliament, over Peymann's contract as director of the theater. In February the contract was extended to 1996, but the furor has hardly abated: the state television network recently called him "the most hated man in Austria."

None of which would have been evident to the casual observer as the festival opened Saturday. In the afternoon, Abbado led the Vienna Philharmonic in a scrupulously prepared, star-studded, roof-raising performance of Schoenberg's gigantic oratorio "Gurrelieder" at the Musikverein, the site of its premiere in 1913.

That evening, Peymann presented the world premiere of the play "Die Stunde da Wir Nichts Voneinander Wussten" ("The Hour in Which We Didn't Know Anything About One Another"), by Austria's foremost living writer, Peter Handke. The piece was performed at the festival's main site, the historic Theater an der Wien.

A town square is the main "character," through which promenade 31 human actors playing some 200 roles, as well as a village band. Despite earnest symbolic intentions, it seemed more amusing and stilted than profound. It was adeptly realized, however, and was greeted rapturously by a full house of Peymann supporters.

"The opening of the Vienna Festival?" asked Franz Endler, the conservative music critic of the Vienna Kurier, who led a press campaign to oust Drese and Abbado. "What better time to take a long weekend in the country?"

Both the State Opera and the Burgtheater are supported by the same state agency, and hence by the same man, Georg Springer, general secretary of the State Theater Union. He and his predecessor, Rudolf Scholten, who was named minister of culture in December, together have determined personnel decisions at both theaters.

Both Drese and Peymann were appointed in the mid-1980s, when the Social Democrats alone ruled Austria. Now the conservative Austrian People's Party and the socialists rule in coalition, and generally accepted rumor has it that they agreed Peymann could stay if Drese were dispensed with.



A scene from Peter Handke's new play, staged by Claus Peymann in the Vienna Festival program.

Wachter also took the director's post with the avowed intention of cutting back on overpaid second-line singers. He hoped to de-emphasize willful eccentricities and marginal operas and to concentrate on what Holender, in an interview, called the "core repertory of Mozart, Wagner, Verdi and Strauss."

This season, there have been no new productions. Without eliminating the top stars, Wachter signed talented young conductors and singers to "residence contracts" of several months' duration. In addition, in September the Volksoper was integrated into the State Opera, allowing for some reduction and interchange of personnel. And not just second-line personnel.

"In June 1993, Plácido Domingo will sing 'Il Tabarro' at the Volksoper and then, the same night, 'Pagliacci' at the State Opera," Springer said. "It is, if I may say so, a running gag here."

But both Springer and Endler spoke guardedly of more to be accomplished. Wachter's death has robbed the new team of a popular advocate. New productions at the State Opera will be restored next season. A modernist, Adolf Dresen, has been engaged to stage Wagner's "Ring."

Peymann, who had won a reputation as a leading theater director in Stuttgart and Bochum, Germany, was summoned in 1986 to revive the Burgtheater, which many felt had fallen victim to an inflated ensemble and tired

ways. Judging by plaudits in the German-speaking press and wild acclaim from the young audience he has sought, he has done just that.

But he has also enraged Austria's political right. Peymann's sins are many in his enemies' eyes. He is a modernist, disrespectful of the classics. He doesn't stage enough Austrian masterpieces. He undermines Austrian actors (Klaus Maria Brandauer and four others resigned from the Burgtheater actors' governing council when Peymann's contract was renewed). He devotes months to his own productions and to those of his coterie of directorial allies, who include the best-known directors in the German-language theater. Worst of all, in this intensely chauvinistic nation, he is a German.

Springer, who said of Peymann, "I stand behind him, before him and with him," conceded that the director had his administrative failings. Endler, who said there would be a Burgtheater controversy "as long as Peymann is still there," added that this was "purely an administrative question, not an aesthetic issue," adding that "Peymann tries to make you believe that anyone who is against him is a Nazi."

Peymann, for his part, clearly loves a good fight; he is given to chortling about the need to let "Christo wrap up this theater and then rip it apart," and to mocking his Catholic-conservative opposition.

PEOPLE

Sulzberger Is Honored

By Columbia University — The Columbia University Graduate School of Journalism has awarded its highest honor, the 1992 Columbia Journalism Award, to Arthur Ochs Sulzberger, chairman and chief executive officer of The New York Times Co. Sulzberger, 66, a Columbia College graduate, was publisher of The Times from 1963 until earlier this year, when he relinquished the title to his son, Arthur Ochs Sulzberger Jr.

The Book-of-the-Month Club has bought the book-club rights to H. Norman Schwarzkopf's autobiography for "a record-breaking sum for a nonfiction book," said Regine Weeks, the club's editor in chief. She said the amount was "in the high six figures" and substantially more than the club had ever paid for a nonfiction book. The deal also gives Time Warner, the club's parent company, the rights to use the book in its condensed-book series and its History Book Club. The book, being written with Peter F. Jones, will be called "I Didn't Take a Hero: The Autobiography of Gen. H. Norman Schwarzkopf."

Joan Rivers has prepared a tribute to Johnny Carson for her syndicated daytime TV show — without any help from the man she credits for her first big break. The New York Daily News reports, Carson's representatives refused to let Rivers use film clips of her 1965 appearances on NBC's "The Tonight Show," the Daily News says. "It's like I'm Stalin," she said during taping of a show that will be a tribute to Carson's 30-year reign. The two have not spoken since 1986, when Rivers quit as permanent guest host of "The Tonight Show" to host her own show for the Fox network.

Japan's crown prince is still searching for a bride, so newspapers and television stations have quietly agreed to extend a news blackout on his marriage prospects for another three months, through Aug. 12. The mass media first bowed to a request from the Imperial Household Agency in February to withhold news about Crown Prince Naruhito's lengthy — and recently followed — bridal search. Palace officials warned that extensive publicity had been scaring away potential candidates.

INTERNATIONAL CLASSIFIED Appears on Page 6

NEA Head Vetoes 2 Grants

NEW YORK — In a move that indicates a shift to a more restrictive grant-making policy, the acting chairwoman of the National Endowment for the Arts has vetoed two \$10,000 grants for sexually explicit art projects.

Both grants had been strongly recommended by the endowment's 26-member advisory panel, the National Council on the Arts, at its meeting in Washington on May 2. But Anne-Irmeda Radice, 44, the Republican administrator who be-

came acting chairwoman on May 1, said the two applications "did not represent the best use of the endowment's funds."

The first was for an art exhibition at the List Visual Arts Center at the Massachusetts Institute of Technology, called "Corporal Politics."

The second was for a photography and video exhibition at the Anderson Gallery of Virginia Commonwealth University in Richmond, called "Anonymity and Identity."

AT&T TRAVELER'S GUIDE AT&T USADirect Service. Includes access numbers in Europe table and service details.

At Your Service Around the Globe. CITY FILES: London, Munich. CALENDAR: Munich, London, Munich events. Includes AT&T logo and contact info.

Vertical text on the right edge of the page, including "The Liberal New", "3 Ast", "Decisiv", "K. Pr", "Clinton", "Meet th".